

Cabinet

Annual Meeting

Tuesday, 8 June 2021 at 2.00 pm

Meeting to be held in a Committee Room, Civic Centre, Newcastle upon Tyne, NE1 8QH

The meeting will be live streamed and could be watched online. View live stream at <https://youtu.be/e6-qRZm1GSI>

Due to social distancing restrictions, attendance by the public will be limited and allocated prior to the meeting. Please contact Victoria Miller at Victoria.Miller@northoftyne-ca.gov.uk no later than 2 June 2021 if you wish to attend.

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AGENDA

Page No

1. **Apologies for Absence**
2. **Declarations of Interest**

Please remember to declare any personal interest where appropriate both verbally and by recording it on the relevant form (to be submitted electronically to the Democratic Services Officer). Please also remember to leave the meeting where any personal interest requires this.

Note: The Audit and Standards Committee has granted dispensations to Cabinet members so that they may participate in decisions which relate to the constituent authority which appointed them.

3. **Announcements from the Chair and/or the Head of Paid Service**

| | | |
|-----|---|-----------------|
| 4. | Minutes of the Previous Meeting | 1 - 8 |
| 5. | Appointments to committees and other bodies and agreement of the schedule of meetings | |
| | Members are requested to note the intention to circulate the above report on a supplemental agenda in accordance with the provisions of the Local Government (Access to Information) Act 1985 | |
| 6. | NTCA Corporate Plan | 9 - 10 |
| 7. | Inclusive Economy Policy Statement - Update | 11 - 20 |
| 8. | Equalities and Diversity | 21 - 36 |
| 9. | Child Poverty Prevention Programme | 37 - 44 |
| 10. | Investment Fund Update and Funding Approvals | 45 - 54 |
| 11. | 2020-21 NTCA Outturn Report, including North East Local Enterprise Partnership and Invest North East England | 55 - 84 |
| 12. | Scrutiny Annual Report | 85 - 96 |
| 13. | Urgent decisions taken in 2020/21 | 97 - 98 |
| 14. | Designation of Head of Paid Service | 99 - 100 |
| 15. | Date and Time of the Next Meeting | |

Tuesday, 27 July 2021 at 2pm.

Venue to be confirmed.

Contact Officer: Victoria Miller
Tel: 0191 211 5118
Email: Victoria.Miller@northoftyne-ca.gov.uk



North of Tyne Combined Authority, Cabinet

23 March 2021

(2.05 - 2.55 pm)

This meeting was held virtually and live streamed.

Draft Minutes

Present:

Chair: Mayor J Driscoll

Councillors G Bell, R Dodd, J McCarty, B Pickard and G Sanderson, Mayor N Redfearn and Ms L Winskell

Also: Mr R Fry (Observer)

141 APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor N Forbes.

142 DECLARATIONS OF INTEREST

There were no declarations of interest.

143 ANNOUNCEMENTS FROM THE MAYOR AND/OR THE HEAD OF PAID (IF ANY)

The Mayor opened the meeting and introductions were made.

References were made to the forthcoming local elections and the pre-election period.

Members and officers were congratulated for their work and achievements to date.

144 MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting held on 26 January 2021 were approved as a correct record and signed by the Mayor.

145 WORKING TOGETHER FOR YOU - NTCA ANNUAL REPORT

Submitted: A report of the Director of Policy and Performance (previously circulated and copy attached to Official Minutes).

The Cabinet considered the North of Tyne Combined Authority's annual report which set out the Authority's achievements over the last year. The report demonstrated how the Authority was creating opportunities and driving innovation, including through working in partnership with public sector, private sector, education sector, voluntary sector and communities.

The Mayor introduced the report and welcomed the success of the North of Tyne Combined Authority. He highlighted key accomplishments, including the creation of jobs, management of the Adult Education Budget Devolution, progress regarding the Green Deal and low carbon economy, investment into digital assistance for the region and support for the local recovery post COVID-19. He also emphasised the Authority's ambition regarding zero carbon and zero poverty environment for the North of Tyne.

Members, officers and partners were thanked for their work, especially during the challenging times as a result of COVID-19.

Mayor N Redfearn spoke about the Combined Authority's successful work in partnership across different sectors. She commended the Authority for achieving goals and changing residents' lives, including supporting people into jobs, supporting young people, launching the Good Work Pledge, building new homes and planning for many more achievements to be delivered.

Councillor J McCarty introduced the Inclusive Economy Board annual update. She thanked Bishop Christine Hardman for her leadership. She also thanked all volunteers who had joined the Board for their continuous commitment. She explained that Digital Inclusion and Child Poverty would be the key focus points for the work of the Board going forward.

Members mentioned that more resource was needed to enable the Combined Authority to continue to make significant changes for the North of Tyne area.

In summarising the discussion of the annual report, the Mayor spoke about the Combined Authority's work in partnership, and how this way of working was key to being able to deliver good value for money. The work to date and the accomplishments had demonstrated what could be achieved if appropriate support and funding was secured from the government.

RESOLVED – That "Working Together For You", the North of Tyne Combined Authority's annual report, be endorsed.

146

NORTHUMBERLAND LINE ECONOMIC GROWTH CORRIDOR

Submitted: A report of the Director of Economic Growth (previously circulated and copy attached to Official Minutes).

The Cabinet considered the report which provided an update on the Northumberland-North Tyneside-Newcastle Line Economic Growth Corridor Strategy, sought associated approvals and proposed next steps for implementation.

The report was introduced by Councillor G Sanderson, who explained the role, ambition and importance of the project for the North of Tyne economy and invited the Combined Authority's support.

Members welcomed the project and the opportunities for the area.

RESOLVED – That:

- i. The report be noted;
- ii. The Northumberland Line Economic Corridor Strategy be endorsed;
- iii. An allocation of up to £500k from the North of Tyne Investment Fund to establish a Technical Capacity Fund and related capacity for project development, subject to the development of a business case be agreed; and
- iv. The Interim Head of Paid be authorised, in consultation with the Investment Panel, the Mayor and the Portfolio Holders, to consider and approve the business case and requested funding.

147 INVESTMENT FUND UPDATE AND FUNDING APPROVALS

Submitted: A report of the Director of Economic Growth (previously circulated and copy attached to Official Minutes).

The Cabinet considered the report which provided an update on the Combined Authority's Investment Fund programme and sought associated approvals.

The report was introduced by Councillor B Pickard, the Portfolio Holder, who highlighted the key points reflected in the document, including the scope of work to date, the environment within which the Combined Authority was operating and the significant progress achieved.

Councillor Pickard spoke about the role and importance of the North of Tyne Investment Fund in the context of a complex and difficult environment as a result of the coronavirus pandemic; and how the Combined Authority worked in partnership with local authorities across the North East to quickly utilise resources to support residents, businesses and jobs.

Councillor B Pickard thanked and congratulated the Cabinet Members for their work and leadership in delivering significant achievements through a variety of projects. Recognition was given to all Portfolios of the Combined Authority.

Councillor B Pickard also welcomed and endorsed the achievements that were highlighted in the annual report, as set out earlier on the agenda and discussed earlier at the meeting.

Members welcomed the report and the Combined Authority's achievements. Councillor B Pickard was thanked for his work.

Mr R Fry, the Mayoral Ambassador for the Voluntary, Community and Social Enterprise (VCSE) sector and the sector representative, welcomed the Poverty Truth Commission work of the Combined Authority and expressed the VCSE's desire to deepen its links with that workstream. The VCSE sector was also interested in the Combined Authority's work regarding young people, including tackling youth unemployment and supporting young people's mental health and resilience. Mr Fry was thanked for his role and his work.

The ensuing discussion included the following:

- The speed of progress of schemes;
- The process the schemes had to go through, including external adjudication and meeting The Green Book requirements;
- A suggestion that further work was required to identify how local businesses could be supported to understand the bidding process and The Green Book requirements and be able to draw up business plans accordingly;
- The importance of developing partnerships and working in partnership to support the effectiveness and success of the local decision-making process;
- The benefit of having a list of reserve projects;
- The importance of receiving support from the government for the North of Tyne area for the post-COVID-19 recovery, a proposal that had gone into the Comprehensive Spending Review last year.

RESOLVED – That:

- i. The progress to date on the Investment Fund, achievement of key milestones and ongoing development work, particularly in respect of defrayed expenditure and achievements in terms of tangible jobs for residents as a direct result of our investment, be noted.
- ii. The funding of £1,540,405 from the Investment Fund for the North Shields Fish Quay Protection Jetty Refurbishment project be approved.
- iii. The funding of £750,000 from the Investment Fund for the Cross Tyne North Shields Ferry Landing – Renewal and Relocation project, subject to the applicant securing necessary match funding, be approved.
- iv. The progress on NTCA's Brownfield Housing Fund, including in-principle approvals being given of £6.385 million for Smith's Dock, Tyne Brand and Unicorn House in North Shields, be noted.
- v. The £10m allocation for Recovery Innovation be confirmed. And the approach set out in Section 1.4 of the report be approved. Calls for projects would be structured on a "test-and-learn" basis, with an initial allocation of funding released as a first phase and future phases would be dependent on demand, speed of implementation and impact.
- vi. The progress in relation to the Digital Adoption North of Tyne Programme, including enhancement of the support available to small and medium

enterprises (SMEs) to further improve resilience in response to COVID-19 and inclusion of a dedicated offering for Voluntary and Community Sector organisations, be noted.

- vii. The Cabinet noted that the NTCA's Green New Deal Fund would be operational in the summer of 2021, where £9m of NTCA funding was expected to leverage private sector resources to deliver an £18m investment, enabling the North of Tyne to take a real lead in an area that would be fundamental to future growth, recovery, and the achievement of net zero.
- viii. The progress on the North of Tyne Offshore and Subsea Infrastructure Programme, including approval of £2.22m for Bates Clean Energy Terminal and £2m for Swans Energy Park, and agreement to open a further call to continue the development of the pipeline, be noted.
- ix. Section 1.8 of the report, in relation to the Healthy Ageing Economy sector narrative and investment priorities, be noted; and the specific priorities and recommendations itemised in Appendix A of the report be agreed.
- x. Authority be delegated to the Director of Economic Growth, in consultation with Investment Panel, the NTCA Constituent Authorities and the Mayor, for submission of a Community Renewal Fund bid to the Government and for the submission of a Levelling Up Fund bid into this or future rounds.
- xi. Future progress updates on the Poverty Truth Commission, whose business case for funding was now approved, be received.
- xii. The Interim Head of Paid Service be authorised to finalise the conditions to be attached to the above funding awards; and the Interim Monitoring Officer be authorised to complete the necessary documentation.

148 **ADULT EDUCATION BUDGET UPDATE AND STRATEGIC SKILLS PLAN**

Submitted: A report of the Head of Inclusive Growth (previously circulated and copy attached to Official Minutes).

The Cabinet considered the report which:

- provided an update on provision that had been delivered through the devolved Adult Education Budget (AEB) for the period from 1 August 2020 to 6 February 2021.
- set out the adult education opportunities that had been created for the North of Tyne Combined Authority (NTCA) residents during the first half of the current academic year and outlined next steps for managing the AEB delivery for the remainder of the academic year and into the next academic year.
- set out an updated Strategic Skills Plan for 2021-2023, which highlighted strengths, opportunities and challenges across the NTCA region and set out key priorities and a programme for skills development.

The report was introduced by Councillor J McCarty, the Portfolio Holder, who explained the work undertaken and highlighted key achievements.

Members welcomed the positive outcomes, which had been achieved despite the significant challenges due to the coronavirus pandemic, and emphasised the importance of local decision-making. Councillor J McCarty and the AEB team were thanked for their work.

RESOLVED – That:

- i. The progress which had been made in terms of AEB delivery for the first half of the academic year (1 August 2020 to 6 February 2021) be noted; and the approach to managing AEB delivery for the remainder of the current academic year and into the academic year 2021-2022 be endorsed.
- ii. The contents of the updated Strategic Skills Plan for 2021-2023 be noted; and the launch of the document from 1 April 2021 be endorsed.

149 **MAYORAL AMBASSADORS REVIEW**

Submitted: A joint report of the Monitoring Officer and the Director of Policy and Performance (previously circulated and copy attached to Official Minutes).

The Cabinet considered the report which presented a review of the first full year of the Mayoral Ambassador role for the Voluntary, Community and Social Enterprise (VCSE) sector and proposed an extension of the appointment.

The report also invited the Cabinet to consider and approve the proposals for an alternative way of working for the Business Ambassador role.

Mr Fry, the Mayoral Ambassador for the VCSE sector, was thanked for his work, especially his support in navigating engagement between the Combined Authority and the sector. The VCSE sector was recognised as an important delivery partner of the Combined Authority.

When addressing the Cabinet with a response, Mr Fry welcomed the developing momentum of the Voluntary Sector Stakeholder Group and thanked officers of the Combined Authority for supporting this work.

Regarding the proposals for the Business Ambassador role, Ms L Winskell, the North East Local Enterprise Partnership Member of the Combined Authority, expressed support for the proposals and offered her continuing involvement.

RESOLVED – That:

- i. Mr Robin Fry's term of office as the Mayoral Ambassador for the Voluntary, Community and Social Enterprise (VCSE) sector be extended for a further year until the NTCA Annual Meeting in June 2022; and
- ii. The proposed changes to the appointment of a Mayoral Ambassador for Business, as set out in part 1.3 of the report, be agreed.

150 **DATE AND TIME OF THE NEXT MEETING**

Tuesday, 8 June 2021 at 2pm (Annual Meeting).

General comments were made, and best wishes offered, regarding the forthcoming local elections.

The Combined Authority's Members from Northumberland County Council thanked the Combined Authority for its work and expressed hope that the County Council would continue to play an active role within the Combined Authority.

151 **EXCLUSION OF PRESS AND PUBLIC**

RESOLVED – That by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, press and public be excluded from the remainder of the meeting for the duration of the consideration of agenda item 12 (Confidential Minutes of the Previous Meeting) because exempt information was likely to be disclosed and the public interest test against the disclosure was satisfied.

152 **CONFIDENTIAL MINUTES OF THE PREVIOUS MEETING**

The confidential minutes of the previous meeting held on 26 January 2021 were approved as a correct record and signed by the Mayor.

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Subject: NTCA Corporate Plan
Report of: Director of Economic Growth
Portfolio: All

Report Summary

This is a cover report to introduce the NTCA's first Corporate Plan. It sets the direction for delivery across the authority over the next three years and beyond. The report provides an overview of content, outlining our ambitions and delivery priorities, these are described within seven delivery themes and three cross cutting themes. The Corporate Plan will form an appendix to the report.

Recommendations

Cabinet is recommended to acknowledge and endorse the Corporate Plan, its ambitions and delivery priorities.

1. Background Information, Proposals and Timetable for Implementation

- 1.1 The Corporate Plan has been developed through a process of co-design with cabinet and officers. It plays an intrinsic role in ensuring our funding and resources are used effectively and efficiently - adding maximum value and delivering with impact.
- 1.2 It sets out the ambitions of Cabinet for the authority, both immediately and in the future, with a roadmap for action. It captures the breadth of work undertaken and ensures activities are aligned allowing for clear collaborative working.
- 1.3 It will drive the work programme that in turn feeds into both team plans and individual personal objectives, creating a 'golden thread' from Cabinet's vision to day-to-day delivery.
- 1.4 Importantly the plan is rooted in our values, which underpin the way the authority works and outlines our approach to managing wisely the resources, funding and investment we have available.
- 1.5 It is structured around seven delivery themes and three cross cutting themes, bringing together in single cohesive plan commitments in our devolution deal, manifesto and recovery plan. The Corporate Plan is set out in Appendix 1.

2. Potential Impact on Objectives

The Corporate Plan illustrates how NTCA will meet the priorities set out in the NTCA vision.

3. Key Risks

There are no specific risks relating to this report.

4. Financial and Other Resources Implications

There are no direct financial implications arising from this report. The corporate plan sets out the work programme of the authority to deliver against Cabinet's ambitions and priorities and will inform the updating of the Medium-Term Financial Plan.

5. Legal Implications

There are no direct legal implications arising directly from this report.

6. Equalities Implications

The NTCA is mindful of its duty under the Public Sector Equality Duty and at its Annual Meeting will be adopting Equalities Objectives for the next four years to enable it to advance equality of opportunity between persons who share relevant protected characteristics and those who do not. The proposed measures are on workforce diversity; staff confidence around equalities; employment levels amongst groups experiencing disadvantage; in-work poverty in the North of Tyne area; and co-design and co-production. Through its work NTCA will also continue to promote policies and decision making which eliminates discrimination, harassment and victimisation and fosters good relations between persons who share a relevant protected characteristic and persons who do not share it. NTCA considers the implications for people from different socio-economic backgrounds/low pay as a protected characteristic.

7. Inclusive Economy Implications

NTCA's inclusive economy ambitions and the five characteristics of an inclusive economy: participation; equity; growth; stability and sustainability are strongly reflected in the Corporate Plan.

8. Climate Change Implications

The North of Tyne Combined Authority and all three constituent Local Authorities have declared a Climate Emergency; the impact of the NTCA's decisions on climate is taken into account and its work in this area is clearly reflected in the Corporate Plan.

9. Consultation and Engagement

The Mayor, Cabinet and the whole NTCA team have been involved in the formulation of the Corporate Plan. The NTCA is a collaborative and supportive team and the Corporate Plan are aligned with the internal work programme, targets and spend so each team can see how their individual effort contributes to the whole.

10. Appendices

Appendix 1: NTCA Corporate Plan (to follow)

11. Background Papers

NTCA Vision

12. Contact Officer

Dr. Henry Kippin, Director of Economic Growth
henry.kippin@northoftyne-ca.gov.uk

Chrisi Page, Investment Programme Manager
chrisi.page@northoftyne-ca.gov.uk



Subject: Inclusive Economy Policy Statement – Update

Report of: Head of Inclusive Growth

Portfolio: Employability and Inclusion

Report Summary

The purpose of this report is to provide information on progress with an update of NTCA's Inclusive Economy Policy Statement and seek approval for next steps.

Recommendations

The Cabinet is recommended to:

1. Note the work undertaken to update the Inclusive Economy Policy Statement.
2. Agree the revised statement for publication.

1. Background Information, Proposals and Timetable for Implementation

- 1.1 NTCA's original Inclusive Economy Policy Statement was developed and published in late 2018 following the approval of the Devolution Deal for the North of Tyne in November 2018. Following the evolution of the Combined Authority in that time, and the significant changes caused by the pandemic, the Portfolio Holder in consultation with the Head of Inclusive Growth proposes a revised and updated statement for approval by Cabinet.
- 1.2 This new iteration seeks to better reflect:
 1. The achievements of the Combined Authority so far, through the support, advice and insight of our constituent authorities and our Inclusive Economy Board.
 2. Our understanding of an inclusive economy approach with a firmer focus on the specific strengths and assets of the North of Tyne area and our people.
 3. Continuity with our core inclusive economy commitments as outlined in our Devolution Deal.

Governance and Next Steps

2. Potential Impact on Objectives

- 2.1 NTCA's Vision is of a "dynamic and more inclusive economy...[which narrows] inequalities".¹ We are committed to giving everyone the opportunity to thrive – to achieve a fair wage, and access good jobs, and by working in partnership with business, civil society and our residents to achieve this. Our current Inclusive Economy Policy Statement reinforces this by committing NTCA to taking a people-focused approach to support every individual to succeed.²
- 2.2 An updated Policy Statement will better signal NTCA's commitment to thinking creatively and progressively about the widest implications of an inclusive economy. With an emphasis on poverty, inequality and equity it will provide a clearer statement of what a more social **and** inclusive economy looks like for the North of Tyne. In so doing it will more clearly state the cohesion between NTCA's inclusive economy and other portfolios, such as education, whilst better reflecting the inclusive economy contribution made by our key pillars of work, such as our Investment Fund.

¹ Home of Ambition: The Vision for the North of Tyne Combined Authority, November 2018, p3

² Inclusive Economy Policy Statement, North of Tyne Combined Authority, December 2018, p4

3. Key Risks

3.1 The following key risks have been identified in relation to the proposals:

| Area | Risk | Mitigation |
|----------------------------------|---|---|
| Scope of work | Proposed activities fall outside of NTCA's powers & accountabilities. | NTCA officers have sought advice from the Portfolio holder and senior officers, as well as consulting with our three constituent authorities on the proposed revisions, in line with each authority's own inclusive economy work and strategies. Relevant advice and guidance had also been received from NTCA's Inclusive Economy Board. |
| Duplicating existing work | The proposals duplicate or risk displacing existing work. | The current inclusive economy statement does not reflect the experiences of the area and our three constituent authorities over the past three years, and in particular the impacts of the pandemic. A revised statement will therefore address these deficits without duplicating existing work. |

4. Financial and Other Resources Implications

4.1 There are no financial or resource implications from this report other than officer time. The Inclusive Economy Policy Statement will inform future investment/funding decisions of the authority.

5. Legal Implications

5.1 The comments of the Monitoring Officer have been incorporated in this report.

6. Equalities Implications

6.1 A revised and updated Inclusive Economy Statement is a central policy in support of our equalities ambitions. It will provide a clear statement of our understanding of the need of our residents experiencing protected characteristics, and socio-economic disadvantage, as well as our plans in partnership with them. To achieve this, we will ensure the revised statement reflects: key commitments from our Devolution Deal and our published Equalities Priorities for 2021-25 (subject to Cabinet approval). In this regard it will underpin our delivery of the aims of the 2010 Equality Act: to advance equality of opportunity for all, especially for resident's experiencing low pay/socio-economic disadvantage.

7. Inclusive Economy Implications

7.1 A revised Inclusive Economy Policy Statement will act as the foundation for our Inclusive Economy thinking and work. It will positively address all five characteristics of the inclusive economy as follows:

- Participation – By acknowledging our commitment to co-design and co-production, especially for people whose voices are seldom heard in decision-making, our revised statement will clearly demonstrate how we are taking forward a people-centred approach to local economic development.

- Equity – Clearly describing some of the key inequalities facing the North of Tyne, especially for groups experiencing protected characteristics and socio-economic disadvantage. Our revised policy will outline how our programmes and projects will specifically address these issues, providing more equitable access to public goods, services and infrastructure.
- Growth – By providing a clear statement of NTCA’s understanding of the specific interventions which can ensure spend and wealth are retained locally for the benefit of the area, as well as how we intend to support residents towards more productive futures via good jobs, especially for our poorer communities, families and individuals.
- Stability – By clearly expressing our shared values and measures of success for a more inclusive economy, helping to provide people and agencies in the North of Tyne with a framework for confidence in our joint future.
- Sustainability – Creating a clear framework which will express our understanding of how economic and social wealth can be sustained over time in the North of Tyne, maintaining inter-generational as well as future generation’s wellbeing.

8. Climate Change Implications

8.1 There are no direct climate change implications for this report. However, a revised statement will better reflect the development of NTCA’s positive climate work and ambitions to date, in line with our area’s recovery plan and future strategy around ‘zero poverty, zero carbon’.

9. Consultation and Engagement

9.1 This revised statement has been development in close consultation with the Portfolio Holder for Employability and Inclusion and has received input from our three constituent authorities via their lead officer’s for inclusive economy work.

10. Appendices

Revised Inclusive Economy Policy Statement

11. Background Papers

[NTCA Inclusive Economy Policy Statement 2018](#)

12. Contact Officers

Leigh Mills
 Head of Inclusive Growth
 07855 100179 leigh.mills@northoftyne-ca.gov.uk

13. Glossary

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| NTCA | North of Tyne Combined Authority |
|------|----------------------------------|

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Working Together for You: A more inclusive North of Tyne

Our North of Tyne vision is of a dynamic, sustainable and more inclusive economy. This is one that brings together people and opportunities to create vibrant communities and a good quality of life. We have an ambition to narrow inequalities and ensure that everyone has a stake in our region's future.

NTCA is working hard to achieve this vision, to advocate for good employment practices and a more equitable economy. This is one where we create wealth and distribute it fairly, through local re-investment and growth.

We understand the strong link between health, wealth and the economy. We also understand that some of our communities and people are locked out of opportunities for good health, good jobs and financial security. That is why we have put actions to address inequality, poverty and poor educational attainment at the centre of our work.

Our greatest asset is the resilience of our people and places. The skills, tenacity and ambition of our residents will continue to make the North of Tyne an exciting area for businesses to invest in, partners to work in, and people to live and thrive in.

Our ambition for the North of Tyne

Our plan for a more inclusive North of Tyne is built on three key aims:

- Creating a more social and inclusive economy - one which promotes wellbeing across all communities by ensuring wealth is retained locally and distributed more equitably.
- Addressing inequality and poverty, enabling our residents to access opportunities at every stage of their lives.
- Driving better coordination of education, skills, employment and health activities to help more people move into good work, and progress in work.

These aims will be central to our recovery from the pandemic working in partnership with our local authorities and wider stakeholders.

Our journey so far

NTCA is growing and evolving in a period of unprecedented change. We are proud of our achievements, helping more people get and keep good jobs, develop better skills, and build a programme of investment which puts people at the heart of our economic strategy.

We are making a positive impact in many areas:

- We have helped more adults on the journey towards good jobs by investing in new employability and skills programmes delivered in the heart of our communities. We have worked hard to remove some of the specific barriers people face in relation to employment, education and training.

- We have reshaped the delivery of adult education provision to better equip people with the skills needed to access good work and progress in their careers. This is set out in the [NTCA Strategic Skills Plan](#) 'Opportunity for All'.
- We have supported our residents to become digitally connected and included, as well as provided people with the digital skills for new learning and work opportunities.
- We have built an effective, outcome-focussed partnership with DWP delivering against our Devolution commitment for more coordinated employment activity in the North of Tyne.
- We have encouraged the positive behaviour we want to see in local business and enterprise – through the development of shared values and our commitment to making good work the norm, driven by our Good Work Pledge.
- We have targeted spend locally, supporting organisations based in the North of Tyne and encouraging others to do the same.
- We have been serious about co-production and co-design and started work to make sure people can share their real-life experiences to build better policies and programmes.
- We have identified education priorities including school readiness and closing the disadvantage gap to make sure our children and young people are at the heart of our inclusive economy approach.

These achievements have been underpinned by substantial early investments in practical interventions for a more social and inclusive economy. This statement will continue to drive us and our partners to do more.

We are clear that a more inclusive economy is a more equal economy. This means we are clear about the employment, skills and opportunity gaps for people from Black, Asian and minority ethnic backgrounds, who are Deaf or experience disability, for women, parents and people who care, and our younger and older residents. We are focusing our work on closing those gaps locally and with the national average, creating a North of Tyne which is fair, equitable and inclusive.

Our opportunity to recover, redesign and reimagine

Our inclusive economy approach is central to our area's recovery from Covid-19 and our ambitions for a cleaner, greener future. We will work in ways that enable us to respond to uncertainty well.

As we emerge from the pandemic we can expect our labour markets and business base to change considerably. As a community we are likely to face job losses and unemployment rates that are more significant than usual. This means we need to work harder than ever to tackle our key challenges:

- **Not all jobs are good jobs:** In 2020 22% of our workforce were earning less than the 'real' living wage in the North East. Zero-hour contracts, one of the key forms of insecure work, were a third higher than the UK average. At the height of the pandemic the North East had one of the highest levels of workers in shutdown sectors at 36%.

- **Not everyone has the same opportunities:** Only half of working age people in the North of Tyne who are Deaf or experience disability are in employment compared to nearly 80% of people with no disabilities. Figures are similar for our residents from Black, Asian and minority ethnic backgrounds. People with no or low qualifications are twice as likely to work in low pay sectors, compared to those with a degree level qualification.¹ We need to do much more for our residents who experience complex lives and are often furthest away from the benefits of a good job, good health and wellbeing.
- **Financial insecurity is a serious challenge:** We have high rates of child poverty and our local authorities have experienced some of the greatest increases nationally in the last five years. We also have high rates of financial insecurity locally. We face structural challenges in terms of a welfare system which can lock some people and families into poverty. We need to use our key levers – a fully-flexible revenue settlement and commitment to effective place-based work – to drive system change at a local level.

The foundations of a new economy: Our aims

1. Creating a more social and inclusive economy

We want to promote wellbeing across all our communities by ensuring wealth is retained locally and distributed more equitably. We will do this by creating a culture of shared values across the public, voluntary and community and private sector that maximises local economic benefits. We will work with our local anchor organisations – schools, college, universities, health trusts and social housing providers – to do this. Together we will support the growth of sustainable markets and businesses. This will include co-operatives and social enterprises through specialist community-led business support and tailored finance. We will invest in community assets and hubs to maximise the resilience of our communities.

We will continue to think big and be ambitious, by growing our Good Work Pledge community and exploring a wellbeing framework for the North of Tyne.

2. Addressing inequality and poverty

We will enable our residents to access opportunities at every stage of their lives by co-designing employment support with a strong emphasis on the needs and assets of our places and people. We have started on our journey with our return to work programme for carers and social housing tenants – applying learning from these programmes to improve outcomes. We are building on this with further programmes for people experiencing some of the most complex barriers to good work such as domestic abuse or mental ill-health.

We know children and young people's experiences matter as part of this picture. We will work with the Department of Education and others to deliver an ambitious

¹ NTCA Skills Plan 2021 <https://www.northoftyne-ca.gov.uk/wp-content/uploads/2020/09/New-AEB-Skills-Plan-2021.pdf>

programme to support school improvement and improve life chances for our children and young people. This will include exemplar programmes on school readiness and child poverty, providing learning to ensure all our children have the foundations for life-long wellbeing wherever they grow-up in the North of Tyne.

We understand inclusion is not just physical, it's also digital. We will look at the role NTCA can play in understanding and ensuring digital inclusion for all. Our support for an area-wider Poverty Truth Commission for the North of Tyne will make sure this work is informed by the experiences of the people we are here to serve.

3. Driving better coordination of education, skills, employment and health

Better coordination and integration of the local system of education, skills and employment support is central to our mission. Our key drivers for this change will be our Inclusive Economy Board and our joint DWP/NTCA Employment Framework bringing expertise, insight and a commitment to driving innovation for the North of Tyne. Our Youth Employment Partnerships and our health and work offer, developed alongside Government and international specialists, are central to this.

Through our devolved Adult Education Budget, and wider resources, we will support a more coherent lifelong learning journey across with the North of Tyne. This will include first-class careers advice and guidance supported by hubs and other tools to maximise apprenticeships and sector-specific vocational training.

Our Skills for Growth funding will actively support a just and inclusive transition to a zero carbon future, help address gender imbalances in key sectors, and secure a talent pipeline making sure local people benefit fully from our major investments across of the North of Tyne.

How will we know we have been successful?

NTCA's published equalities priorities underpin our social and inclusive economy ambitions and measures of success. In line with our equalities priorities we will:

- **Improve access to, and take-up of, skills opportunities:** Increase participation with better outcomes for adults in education especially for under-represented groups (including those with learning disabilities/differences).
- **Increase good quality, stable employment:** Increase the number of young people aged 19-24 and those aged over 50 in employment.
- **Reduce in-work poverty:** Reduce the level of in-work poverty within the North of Tyne, with specific focus on women, workers from Black, Asian and minority ethnic backgrounds and disabled or Deaf residents. In particular, by maximising the take up of the Good Work Business pledge across the area and types of business.

To achieve this we will target our devolved Adult Education Budget, Investment Fund, our procurement activity and any additional recovery funding in these areas.

We were the first Combined Authority to have a truly inclusive Devolution Deal. This gives us an unparalleled opportunity to create an economy which works for all. We are bold, brave and ambitious. By retaining and reinvesting our wealth, and making our assets work for the benefit of everyone we will tackle inequality, improve health and wellbeing, and build stronger communities. In this way we will continue working together for a more inclusive North of Tyne.

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Subject: Equalities and Diversity

Report of: Director of Policy and Performance

Portfolio: Employability and Inclusion

Report Summary

The purpose of this report is to inform the Cabinet of the continued work and commitment to meet their ambitions on equalities, diversity and inclusion.

Recommendations

The Cabinet is recommended to:

1. Approve the Equalities and Diversity Policy – Appendix B
2. Approve the Equalities and Diversity Objectives for 2021-25 – Appendix C
3. Note the progress made on equalities, diversity and inclusion ambitions for NTCA

1. Background Information, Proposals and Timetable for Implementation

1.1 The Public Sector Equality Duty is supported by specific duties, set out in regulations which came into force on 10 September 2011. The specific duties require public bodies to:

- Publish relevant, proportionate information demonstrating their compliance with the Equality Duty;
- To prepare and publish one or more specific, measurable objectives at least every four years and to report progress annually.

1.2 NTCA Cabinet agreed the Equality and Diversity Policy in June 2020, setting out our commitment to equality, diversity and inclusion: the policy now requires minor updating. Please see Appendix B. Due to the implications for employees, the policy has been agreed in draft by the Trades Union at a Joint Negotiating Committee.

Progress so far

1.3 Our handling of equality, diversity and inclusion must reach the high standards we expect of ourselves and others who look to us as a source of good practice. Thus, initially our equalities work has rightly focused internally to create the best possible culture to meet our ambitions.

1.4 Our Organisational Development strategy, launched in 2020, provides the framework for our equalities transformation journey; creating the conditions for everyone to perform at their best and help us create an inclusive, high-performing, healthy and motivated workplace and become an employer of choice.

1.5 We have:

- Realigned all existing postholders objectives to have equality and diversity responsibilities;
- Established new mechanisms for on-going dialogue, more interconnected and joined-up working between teams, and created opportunities for sharing problems and good practice across NTCA;
- Created quarterly Pulse Surveys, with a 100% return and satisfaction rates averaging at 4.4 out of 5.

- Regular liaison meetings with staff e.g. to monitor responses from staff on inclusion, bullying, discrimination and flexibility;
- Ensured a 100% return of appraisals;
- Added specific policies in consultation with our Trades Unions to support staff, including Wellbeing, Menopause and Workplace guidance and guidelines for management of stress and are currently researching a policy on domestic violence in line with best practice nationally;
- Stated our intent to be a diverse organisation “*At NTCA, we don’t just accept difference, we celebrate it, we support it, and we thrive on it for the benefit of our team, our mission, and our residents. NTCA is proud to embrace diversity and equal opportunity in a serious way. We are committed to building a team that represents a variety of backgrounds, perspectives, and skills. The more inclusive we are, the better our work will be*”, resulting in recruitment of 80% of new staff with protected characteristics, including lived experience of socio-economic disadvantage in line with our commitment to this specific feature of the Public Sector Equality Duty;
- Developed a graduate and younger person’s programme as well as making all entry-level opportunities appropriate for people changing careers in later life;
- Held learning lunches with staff on equalities to support their confidence in challenging and promoting our decision-making processes e.g. equalities implications;
- All staff have attended workshops on our values and behaviours, and we continue to embed our proactive approach. The majority of staff have also attended our bespoke equalities training which will be repeated on a regular basis and updated in line with national good practice and legislation; and,
- Maintained a good gender balance, increased the numbers of disabled/Deaf employees and have low sickness rates and absence. See Appendix A – NTCA Equality Data and Gender Pay Gap.

1.6 Building on these firm foundations in 2020/21 we have also worked on our wider strategic approach to equality, diversity and inclusion by:

- Becoming the first Combined Authority to formally adopt the socio-economic duty within our equalities and diversity policy, committing us to implementing additional responsibilities in relation to poverty and inequality under Section 1 of the 2010 Equality Act.
- Becoming the first Combined Authority to develop a pilot partnership with the Equality and Human Rights Commission (EHRC) to improve our practice – implementing advice and support around our proposed Equalities Objectives, building equality considerations into our Investment Fund and supporting our data and insights work. We are grateful to the EHRC for their advice and support.
- Received training from specialists within the Scottish Government on equality impact assessment and the socio-economic duty.
- Cabinet has supported a number of projects including the local roll-out of Kickstart and the North of Tyne Poverty Truth Commission, which use the principles of co-design and co-production to work in partnership with groups with protected characteristics, clearly demonstrating our ambitions in relation to equality, diversity and inclusion.

2. Potential Impact on Objectives

2.1 NTCA is committed to “supporting and developing vibrant communities, which provide opportunities, choice and inspire pride”. Our measure of success, as outlined in our Vision, is more sustainable communities; NTCA’s Inclusive Economy Policy Statement reinforces this by committing to developing an investment approach that links growth with inclusion. Our Equality and Diversity Policy and Objectives are important tools with which to do this, recognising and understanding some of the root causes of inequality in the North of Tyne and working directly with residents to co-design and co-produce some of our responses.

3. Key Risks

- 3.1 We acknowledge that equality impact assessments (EQIAs) are often undertaken after, rather than before, business cases are developed or changes have been proposed, and that knowledge, skills and aptitude to understand how this agenda applies to all our activity varies across NTCA. Improving this will be a focus for next year.
- 3.2 We will continue to work with internal staff and external stakeholders to ensure that our equality analysis is timely, relevant and used to inform decisions, leads to clear actions and measures for success, includes methodology for evaluation and considers other relevant groups which are not explicitly protected by the Equality Act 2010. This will enable NTCA to regularly report on our progress against our Equalities Objectives, once approved.

4. Financial and Other Resources Implications

- 4.1 There are no specific financial implications of this report, other than officer time. This has been dedicated to the work outlined above, regular reporting and the development of specific activities to discharge NTCA's obligations under the Public Sector Equality Duty e.g. production of Equalities Objectives.

5. Legal Implications

- 5.1 This report and recommendations have been based on the advice and guidance of the Monitoring Officer. They will ensure NTCA discharges its specific duties as required under the Public Sector Equality Duty of 2011.

6. Equalities Implications

- 6.1 The contents and recommendations of this report will directly deliver NTCA's obligations in line with the Public Sector Equality Duty (April 2011) which requires public authorities to have due regard to the need to achieve the objectives of the Equality Act 2010.
- 6.2 Publishing and widely promoting our equalities policy (Appendix A) is the basis of addressing our legal obligations to eliminate discrimination, harassment, victimisation and other conduct prohibited by the Equality Act 2010. We will ensure our equalities policy is also a clear statement of intent, leading the way in describing a North of Tyne in which equity and inclusion are central and our diversity is fully celebrated.
- 6.3 Our proposed Equalities Objectives 2021-25 (Appendix C) will enable NTCA to advance equality of opportunity between persons who share relevant protected characteristics and those who do not. They will do this by improving the capability and capacity of NTCA staff to engage in equality, diversity and inclusion thinking and practice well. They will also ensure NTCA's programmes and projects, especially those funded via our Adult Education Budget and Investment Fund specifically work towards improving opportunities and experiences for people from Black Asian minority ethnic backgrounds, women, single parents, young people, people who are Deaf or experience disability and/or experience socio-economic disadvantage. This work will be underpinned by better data on NTCA's own staff body (Appendix A – NTCA Equality Data and Gender Pay Gap).

7. Inclusive Economy Implications

- 7.1 NTCA has worked hard in the last year to ensure its inclusive economy work is effectively aligned with its equalities, diversity, and inclusion ambitions. As such this report and recommendations support the following specific characteristics of the inclusive economy:

Participation – Our approach, policies and objectives, which include specific commitments to co-design, co-production and active participation of all groups across the North of Tyne, directly

support a people-centred approach to local economic development, aiming to offer people with protected characteristics in particular greater say over their future.

Equity – Equity is at the heart of NTCA’s equality, diversity and inclusion approach. By better understanding the experiences, needs and barriers of people furthest from good jobs and opportunities, we will seek to ensure inequality declines, specifically in areas such as in-work poverty and financial exclusion.

Growth – a clearer understanding of how some groups with protected characteristics experience systemic barriers to economic opportunities will ensure good jobs and skills are targeted at people from poorer communities and places in the North of Tyne.

8. Climate Change Implications

8.1 There are no climate change implications for this report.

9. Consultation and Engagement

9.1 The Portfolio Holder has been fully consulted on all aspects of this report, as has the Mayor. NTCA is grateful to the EHRC for specific support in developing its equalities objectives in line with good practice nationally, to ensure NTCA is works to be an exemplar Combined Authority in this area. Consultation on our equalities policy has also taken place with the Trades Unions at a Joint Negotiating Committee in Spring 2021.

10. Appendices

Appendix A – NTCA Equality Data and Gender Pay Gap

Appendix B – NTCA Equality and Diversity Policy 2021

Appendix C – NTCA Equalities Objectives 2021-25

11. Background Papers

[NTCA Equality and Diversity Policy](#) April 2020

12. Contact Officers

Ruth Redfern – Director of Policy and Performance

ruth.redfern@northoftyne-ca.gov.uk

13. Glossary

| | |
|--------------------------------------|------|
| Equality and Human Rights Commission | EHRC |
| Equality Impact Assessments | EQIA |
| North of Tyne Combined Authority | NTCA |

NTCA Equality Data and Gender Pay Gap

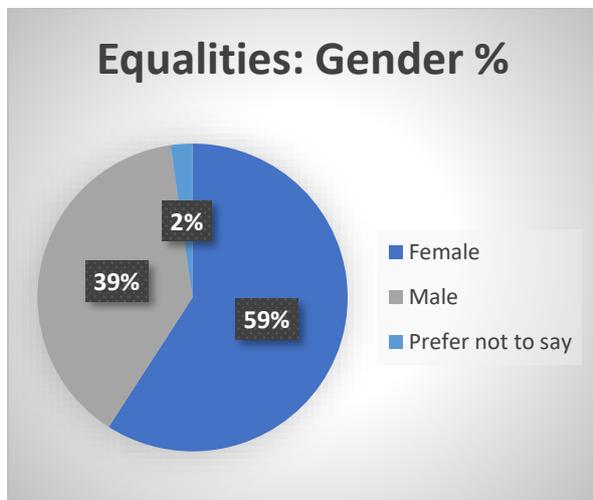
1. Equality Data

1.1 Our Staff

One of the North of Tyne Combined Authority’s core values is that “We are an inclusive community”

The data below summarises our workforce diversity at 31 March 2021, using data extracted from our HR management system collected at the point of staff joining the Combined Authority. It is based on the total headcount at 31 March 2021 of 44 and excludes equality data from the North East Local Enterprise Partnership which the North of Tyne Combined Authority are the accountable body for.

a) Gender

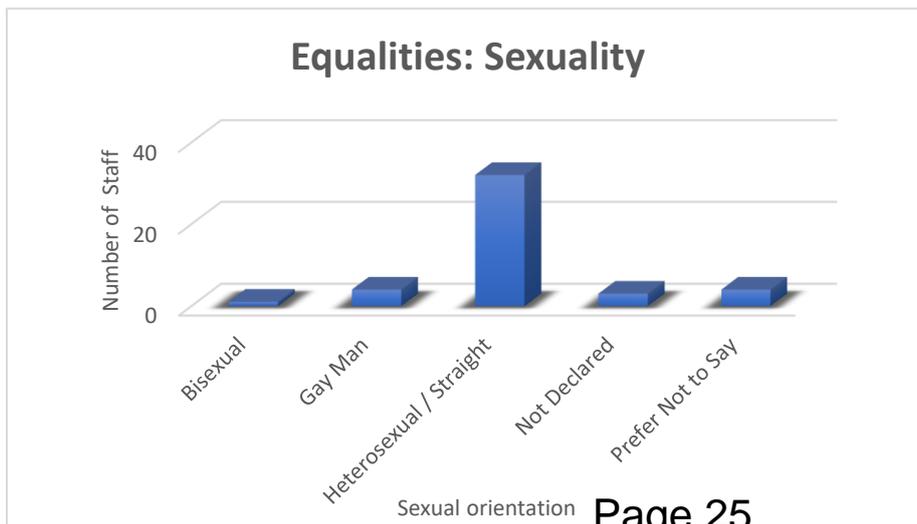


We have a current count of 26 female staff and 17 male staff with a small number of staff not wishing to disclose their information.

b) Disability

5% of staff have declared that they have a disability, 6% of staff do not wish to disclose any disability or have not declared. The remaining 89% of staff have declared that they have no disabilities.

c) Sexuality



NTCA have 11% of staff who are gay or bisexual. 73% of staff are heterosexual/straight. 9% do not wish to disclose and 7% have not declared their sexual orientation.

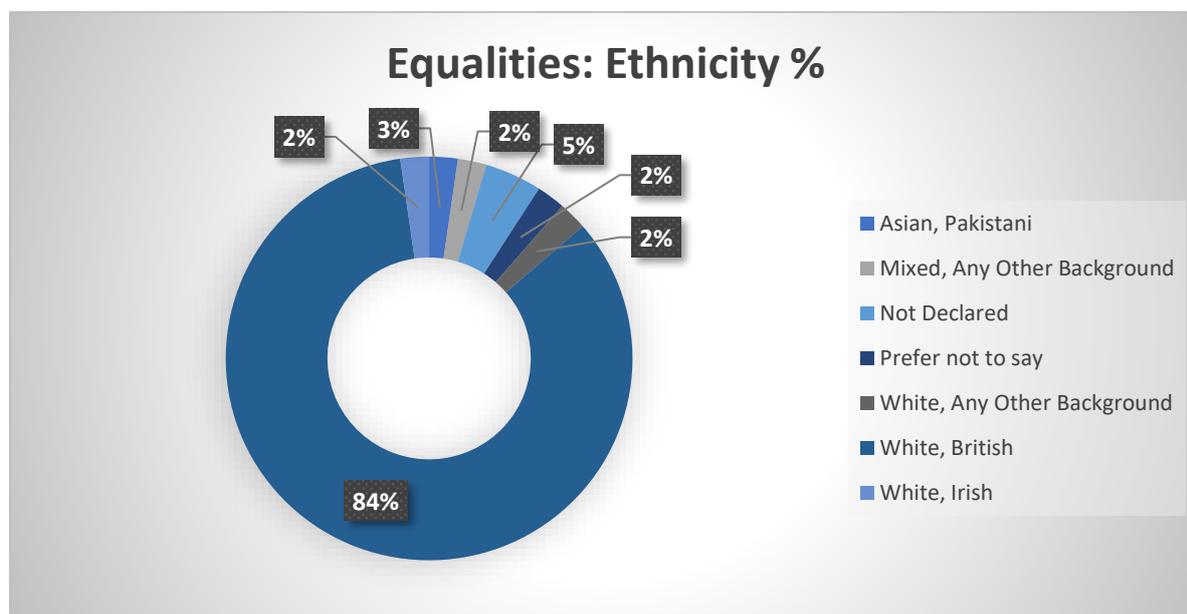
d) Age

| Age Range | Number of Staff |
|-----------|-----------------|
| 16 TO 24 | 2 |
| 25 TO 44 | 25 |
| 45 TO 64 | 17 |

At the Combined Authority there is a varied age range, with 57% of the staff being in between the ages of 25 and 44.

e) Ethnic background

9% of staff working at the Combined authority come from minority ethnic or mixed heritage backgrounds. 7% of staff have either not completed to have declined to provide the data.



1.2 Context

In some cases, staff have either not completed questions or have chosen not to provide their information at appointment. These are referenced as 'Not Declared' or 'Prefer not to say'.

The question around staff's sexuality had the greatest percentage of staff either not declaring an answer or selecting the 'prefer not to say' option on the personal details form: a total 14%. This could be due to the structure of the question which limits responses to the following categories:

- Bisexual
- Gay man
- Gay women (lesbian)
- Heterosexual (or straight)
- Other
- Prefer not to say

Equally staff simply do not wish to disclose this information. Taking diversity monitoring seriously at NTCA means we respect this choice and understand that some staff may not want to share this information with their employer. We will consider if there are ways to improve this question too.

1.3 Our Next Steps

Our values are embedded in our ways of working and how we engage with our staff. There are several working groups within the Combined Authority that are made up of staff from all levels and areas of the organisation. The purpose of these groups is for staff to work collaboratively to inspire and support a culture in the Combined Authority that respects diversity and inclusivity, that celebrate our differences and strives for equity in our behaviour and work.

2. Gender pay gap analysis

2.1 Background

In general terms, the gender pay gap is a measure of disparity in pay between the average earnings of males and females in the same organisation. This is separate to the issue of equal pay which refers to differences in pay between males and females for work which is rated equal.

The North of Tyne Combined Authority last Gender Pay Gap analysis was completed on 1 September 2019. The report below is the Combined Authority position as of the 31 March 2021.

2.2 What do we report on?

Mean Gender Pay Gap – The difference between the mean hourly rate of pay of male full pay relevant employees and that of female full pay relevant employees.

Median Gender Pay Gap – The difference between the median hourly rate of pay of male full pay relevant employees and that of female full pay relevant employees.

Quartile Pay Bands – The proportions of male and female full pay relevant employees in the lower, lower middle, upper middle and upper quartile pay bands.

Note: The Combined Authority does not pay bonuses.

2.3 Definitions

Mean – Average (sum of hourly rates/number of employees)

Median – Middle value of an ordered set of data

Quartile Pay Bands - Value by four equally divided bands of pay from lowest to highest.

2.4 North of Tyne Combined Authority Gender Pay Gap Figures

Mean - Woman's hourly rate is £ 23.58 whilst the male hourly rate is £ 25.58 giving a GPG of 7.82%

Median – Woman's hourly rate is £ 21.71 whilst the male hourly rate is £ 21.71 giving a GPG of zero%

Quartile Pay Bands

| Band | Quartile Pay (£ per hour) | Male (%) | Female (%) | Total Employees |
|--------------|---------------------------|----------|------------|-----------------|
| Lower | 10.00-14.99 | 42.86 | 57.14 | 7 |
| Lower middle | 15.00- 20.99 | 33.33 | 66.67 | 3 |
| Upper middle | 21.00-26.99 | 40 | 60 | 20 |
| Upper | 27.00-80.00 | 45.45 | 54.55 | 11 |

The 'snapshot' figures above were based on the gross hourly rate at the top of the pay scales grade 2020-2021.

The Combined Authority employs 44 staff, three members of staff are under contracts that do not fall under the Green Book or the National Joint Council salary scales April 2020, therefore they have not been included in this gender pay gap analysis.

2.5 Proportion of Men and Women Receiving Any Additional Payments

The process for allocating any additional payments, set out in the reward and recognition policy, will be fair and transparent, reviewed for bias / indirect discrimination and sit within a system that has a clear and transparent grading structure, job description i.e. no additional payments may be made without consideration given to how inclusive and accessibly these roles can be offered, for example can they be done flexibly or as part of a job-share. All opportunities for permanent progression are offered through fair and open competition.

All payments are agreed by SMT and signed off by the Director of Policy and Performance, where a business case must be given and approved, The business case must include proper consultation with the Trades Union workplace representative and demonstrate how it complies with procurement rules, equalities implications and all other NTCA guidance.

An Equalities Impact Assessment (EIA) will be reported annually to Cabinet on decisions made throughout the year. An EIA will help NTCA to anticipate and check that systems do not discriminate when in operation. An EIA will include an assessment of unconscious/conscious bias, subjective assessments e.g. have people been less able to 'perform' because of caring responsibilities, or reasonable adjustments, ill health and the percentage volume of the duties carried out.

The North of Tyne Combined Authority does not pay bonuses.

No payments have been made from the 1st March 2021 to the 31st March 2021.

2.6 Summary

We are totally committed to equal pay and a single status pay arrangement is in place for the Combined Authority to ensure we rate and pay jobs objectively and fairly, according to relative value. Our job evaluation process means we have a fair and transparent means of paying staff regardless of gender and are Living Wage Foundation accredited, helping to ensure the gap between our highest and lowest paid employee is minimised.

EQUALITY & DIVERSITY AT NTCA

1. Policy purpose and scope / key principles

1.1 As an employer, commissioner, contractor and public body, the North of Tyne Combined Authority (NTCA), is fully committed to complying with the Equality Act 2010 and to fulfilling its statutory duties towards its employees and residents with regards to equality and inclusion.

1.2 However, our ambition extends beyond this. We want North of Tyne to be a welcoming and truly inclusive region in which everyone is able to share in our prosperity, culture and community life regardless of their age, socio-economic background, disability, race, religion, gender, gender identity, sexual orientation, marital status or whether they are pregnant or on maternity leave.

1.3 For us to achieve our ambition, promote the wellbeing of our residents and develop a truly inclusive economy which works for all, we will need to tackle the longstanding and emerging inequalities in our region which prevent people from fulfilling their potential. By creating the conditions where people can realise their full potential, the economic growth of our region will be strengthened.

1.3 We know that some people face prejudice and discrimination and that this can be due to fear, a lack of understanding or because of hatred or intolerance. Prejudice and discrimination may manifest itself in the form of lack of respect and contempt, harassment, hate speech or actual violence and may be linked to racism, sexism, homophobia, transphobia or hostility to people with a disability. Disabled people may also face barriers which mean that they do not have the same opportunities as non-disabled people.

1.4 We will lead by example in terms of how we promote and support equality and diversity amongst our staff as well as in the wider community. We will foster a culture for our staff where everyone is treated with respect, feels able to speak up and contribute and has their health and wellbeing supported. We will spread these values in the wider community through responsible procurement, working with the supply chain to ensure a commitment to equality, diversity and inclusion. As a small organisation which does not deliver services directly we recognise an important part of our role is to encourage and support good practice. We will do this by going further than our statutory duties under the 2010 Equality Act by seeking to implement the Act's socio-economic duty (Part 1 Section 1) so that we will assess whether our

policies reduce or increase inequalities caused by socio-economic disadvantage. This will be incorporated into our Equality Impact Assessments.

2. Accountability

2.1 Oversight of the policy, its implementation and monitoring, rests with the Senior Management Team.

2.2 Equality affects and involves everyone and so all NTCA employees, and everyone who represents the NTCA or acts on our behalf, has a personal responsibility to treat everyone with respect, consideration and in a non-discriminatory way.

3. Legal and Policy Framework

The content of this policy is determined by the following:

- The 2010 Equality Act. As a public sector body we are also fully committed to complying with the specific requirements of the Act's Public Sector Equality Duty
- We are also committed to implementing the Socio-Economic Duty under Section 1 of the 2010 Equality Act
- Codes of practice published by the Equality and Human Rights Commission
- The Public Services (Social Value) Act 2012

4. Our Commitments

To support our commitment to equality and diversity and achieve our purpose as set out at the start of this policy document, we will:

- meet all our legal equality duties as laid out in the 2010 Equality Act and follow codes of practice published by the Equality and Human Rights Commission;
- undertake and implement the actions from Equality Impact Assessments on our significant decisions, policies, plans, practices and procedures;
- take action to address social, economic and geographical disadvantage;
- regularly monitor, assess and consult on the impact of our policies and contracts to ensure that they are fair, anti-discriminatory;
- engage people from all communities to help shape our work and ensure people with protected characteristics are listened to and involved in decisions about our projects and programmes;
- proactively embed equality and diversity considerations in everything we do and encourage others to do the same;
- require organisations with whom we are in partnership, commissioning or contracting to follow our approach to equality;
- build understanding amongst our staff, partners and residents of the needs of different protected groups across North of Tyne;
- strive to make our workforce representative of North of Tyne's diverse population and the residents it serves by ensuring equal access to jobs, training and career progression for all groups in the community;

- treat all employees fairly and provide them with support on how equality affects their work and how they can help ensure we take everyone's needs in to account.

5. Equality and Diversity in our Employment Practices

5.1 This section applies to all NTCA employees and people seeking work with us

5.2 We will treat our employees and people who apply for our jobs fairly. We want a workforce which reflects the diversity of our region and for NTCA to be a place where people from different backgrounds feel welcomed and enjoy working. We will therefore promote equality of opportunity through all our employment policies and practices, including recruitment, terms and conditions, learning and development, promotion and when ending employment.

To enable this, we will:

- provide equality of opportunity to all applicants and prospective applicants through fair recruitment and selection procedures. We recognise that people with particular protected characteristics, including disabled people or from Black Asian minority ethnic communities, often experience discrimination in employment and so we will take positive and proportionate action to recruit, retain and provide career opportunities to employees from such groups;
- make reasonable adjustments to enable the employment and retention of disabled and deaf employees;
- provide all employees with the professional development opportunities needed to attain their full potential to the benefit of themselves and the combined authority;
- ensure that all employees are considered for promotion on the basis of their merits, abilities and skills, and are given equal opportunities to progress within the Authority;
- create a good work / life balance through flexible working arrangements so as to maximise equal opportunities for all employees;
- ensure we have a gender-sensitive approach to health and safety, recognising not all employees have the same needs or requirements;
- develop an anti-discriminatory and supportive culture in which employees are aware of their rights and know how to raise issues if they feel discrimination has taken place;
- respond to any allegations of discrimination, victimisation or harassment through appropriate internal processes, including our disciplinary procedures.

6. Equality and Diversity in Procurement and Commissioning

We will ensure that our procurement and commissioning practices fulfil our equality duties and meet our ambitions for equality and diversity.

7. Review

7.1 We will review this policy on a regular basis every two years to ensure that it meets the needs of the Combined Authority and ensure compliance with relevant legislation.

7.2 The policy can be reviewed earlier if any new guidance or legislation is produced before the next scheduled review date.

7.3 Any review of this policy will be carried out in consultation with the recognised trade unions and other relevant parties.

Equalities and Diversity Cabinet Report 8 June 2021 APPENDIX C - NTCA Equality Objectives 2021 – 2025

Introduction

NTCA is required to publish equalities objectives every four years and provide regular updates on our progress. In line with good practice and based on expert advice from the EHRC we have produced the examples below for consideration and comment. Our objectives will sit alongside our refreshed equalities policy and an internal action plan to guide activity across the organisation.

1. Equality priority issue: Workforce diversity

As a new organisation we have the opportunity to build a workforce that fully reflects the talents and skills of the North of Tyne. We are committed to monitoring diversity within our workforce and ensuring we reflect all the communities we serve. This applies to recruitment, retention and progression and the make-up of our senior leadership team.

Equality objective: We have a diverse team that reflects the demography of our area, including targets for representation from all groups with protected characteristics.

Action: Publish our equalities information and our Gender Pay Gap reports as well as actively promoting our equality ambitions in recruitment.

Measure:

- We will have established a baseline for all protected characteristic groups across the North of Tyne by December 2021
- There is increasing similarity between workforce profile and North of Tyne community profile year-on-year to ensure we effectively reflect the communities we serve.
- We will consider ways to measure how our staff experience diversity when they work for us.

2. Equality priority issue: Staff confidence around equalities

Anecdotal evidence suggests that staff report having a lack of confidence in relation to equality issues. This will affect our ability to deliver our ambitions for a more inclusive economy, as well as to influence our partners effectively on equality. Our aim is for all staff to be confident in their ability to influence all our delivery partners and stakeholders to embrace our equalities ambitions.

Equality objective: To improve the confidence of NTCA staff in relation to equalities, ensuring staff feel included and we have collective zero tolerance to all forms of discrimination.

Action: Make clear links between our Organisational Development Strategy, our values and behaviours programme and cross-reference with our work programme, individual objectives, and Equality Impact Assessments. Add a further question to our pulse survey to monitor progress on equalities confidence amongst staff.

Measures:

- Increase % of staff who describe themselves as confident in relation to equalities year-on-year
- Increase in % of employees who feel included and part of their team year-on-year
- Increase in % of employees who feel they are included and valued year-on-year
- Decrease the number of employees who perceive bullying and discrimination as an issue year-on-year
- Consider the use of COM-B ('capability', 'opportunity', 'motivation' and 'behaviour') model, or equivalent tool, to understand and drive these improvements in confidence

3. Equality priority issue: Employment levels amongst groups experiencing disadvantage

The evidence available shows that women, single parents, some ethnic minorities and disabled or deaf residents are more likely to experience low pay, insecure work and lack of opportunity in relation to skills. 50% of working age people in the North of Tyne with disabilities are in employment compared to 79% of working age residents with no disabilities. 72% of white people in NTCA are employed compared to 54% of residents of from all other ethnic backgrounds. Young people experience specific inequalities: 60% 20-24 year olds are in employment compared to the England average of 67%.¹

Equality objective: To increase the % of each group of these participants in our jobs and skills programmes by 2% over 2 years.

Action: To achieve this objective we will target our Investment Fund, procurement activity and any additional recovery funding at these groups, using the positive action provisions in the Equality Act 2010.

¹ NTCA Skills Plan 2021 <https://www.northoftyne-ca.gov.uk/wp-content/uploads/2020/09/New-AEB-Skills-Plan-2021.pdf>

Measure: Increase in each population group accessing our jobs and skills programmes by 2% over 2 years. We will also look any increase in employment in North of Tyne overall.

4. Equality priority issue: In-work poverty in the North of Tyne

In-work poverty is one of the main challenges faced by the North of Tyne. In 2020 22.5% of the workforce were earning less than the 'real' living wage. Women are disproportionately represented in groups of low earners.² The prevalence of zero-hour contracts is a third higher than the UK average across 2020: 4.1% compared to 3% of people in employment. At the height of the pandemic the North East had one of the highest levels of workers in shutdown sectors at 36%.

Equality objective: To reduce the prevalence of in-work poverty within the North of Tyne by 5% by June 2025, with specific focus on women, workers from minority ethnic backgrounds and disabled/Deaf residents.

Action: To achieve this objective we will target our Investment Fund and any additional recovery funding at these groups, using the positive action provisions in the Equality Act 2010. We will also use our social value policy to enable procurement which specifically improves the provision of good work and good jobs.

Measures:

- 75 organisations sign-up to NTCA's Good Work Pledge by January 2022
- Reduction of in-work poverty in North of Tyne by 5% by June 2025
- A plan to update this measure with target priority cohorts in the coming months

5. Equality priority issue: Co-design and co-production

NTCA is committed to making sure our communities of place, identity and interest shape our work. Using the priorities and supporting activities described above we will ensure that there is evidence of effective involvement, engagement, co-design and co-production in a significant proportion of NTCA programmes. This includes a specific focus on groups which are often rarely heard including Deaf/disabled people, refugee and asylum seekers and people experiencing socio-economic disadvantage. We will consider an Equalities Assembly to support this work.

² NTCA Skills Plan, March 2021

Objective: We will increase the involvement of these communities in our work via our forthcoming Poverty Truth Commission. We will ensure the experience these groups have when engaging with our consultation/engagement processes is good quality measuring this using a survey to collect and compare to a baseline.

Action: Use the outcomes of the Poverty Truth Commission to increase awareness of NTCA's values in terms of engagement. The Poverty Truth Commission will also show more clearly that we are listening to and adopting feedback from staff and residents. Clearly explain how involvement from our communities has improved services across the North of Tyne.

Measure:

- 15% of all products and projects in NTCA are co-designed or co-produced by June 2023, based on current estimates of equivalent work.
- NTCA Cabinet to consider Overview and Scrutiny Committee's recommendations on co-design and co-production, informing a potential framework for NTCA practice from Summer 2021 onwards. The effectiveness of the framework to be assessed through seeking feedback from participants, partners and Members.



Subject: Child Poverty Prevention Programme

Report of: Head of Inclusive Growth and
Strategic Lead, Education Challenge

Portfolio: Employability and Inclusion

Report Summary

The purpose of this report is to provide an update on progress with the development of a Child Poverty Prevention Programme for the North of Tyne and seek approval for next steps.

Recommendations

The Cabinet is recommended to:

1. Note the progress in relation to the development of a Child Poverty Prevention programme for the North of Tyne.
2. Authorise the Head of Paid Service, in consultation with the Portfolio Holder, to finalise next steps in taking forward the programme, including securing appropriate funding.

1. Background Information, Proposals and Timetable for Implementation

- 1.1 NTCA is committed to delivering an inclusive economy for the benefit of all our residents in the North of Tyne. An increasingly important barrier to this is the high rates of child poverty in our area. Child poverty is one of the strongest indicators of an area's economic inequality. The North East currently has the second highest rate of child poverty of any English region after London. 22% of children in the North of Tyne live in poverty.¹ More than half of those children are in working households – families without the financial resilience to cope with economic shocks.
- 1.2 The COVID-19 crisis has put these families and households at much greater risk due to loss of income, schooling and access to practical and social support. Consequently, vulnerable families and children have been central to our local authorities' responses to the pandemic, for example via local decisions to continue providing free school meals during the holidays or working in partnership with schools and alternative education settings to get laptops or tablets to students to enable online learning during school closures.
- 1.3 At the end of 2020 IPPR North published new research into child poverty in the North East with a specific focus on devolution and made a series of recommendations for Combined Authorities to consider.² The Right Reverend Christine Hardman, Bishop of Newcastle and chair of NTCA's Inclusive Economy Board provided a foreword to the report. Recommendations included considering ways to support parents into good quality work, working with schools to mitigate child poverty and making child poverty a specific priority, for example through inclusive economy work.

¹ Relative poverty defined as % of children in households below 60% of median income for year 2018/19. Source: [Child Poverty and Devolution in North East England](#), IPPR North, November 2020

² [Child Poverty and Devolution in North East England](#), IPPR North, November 2020

1.4 **How would a Child Poverty Prevention Programme support existing local interventions?**

1.4.1 Newcastle, North Tyneside and Northumberland local authorities have a series of well-developed programmes addressing aspects of child poverty.

1.4.2 *Newcastle*

Newcastle's Active Inclusive Team works across a number of departments to improve families' access to, and take up of, relevant benefits. This has included working with services for children with disabilities on a project which data-matches households with a child with special educational needs or a disability to a welfare rights benefit check. Between 2013 and 2020 5,083 residents had received over £18.5m in additional benefit income as a result. The authority is committed to making financial inclusion 'everyone's business', this includes trying to understand how to mitigate child poverty at key touch points e.g. use of foodbanks, Crisis Support Scheme applications, risk of eviction, Children's Social Care referrals and major transitions like securing refugee status.

1.4.3 *North Tyneside*

In September North Tyneside's Cabinet approved a flagship £1m Poverty Intervention Fund, seeking to build on established work in relation to poverty and inequality. It will target funding and support to address the financial, social and health impacts of poverty by focusing specifically on three target groups: children, families and older people. This includes a commitment to extend the poverty-proofing model to all North Tyneside schools. The Fund is overseen by a Steering Group made up of elected members and relevant external organisations, as well as the area's Young Mayor and youth Cabinet members to ensure young people voices and experiences are central to the impact of the Fund.

1.4.4 *Northumberland*

Northumberland's Communities Together team ensures the most appropriate and effective pathway to support children and families. This includes a simple and safe connection for families in receipt of crisis support to access additional help and benefits. During the pandemic hardship funding has also been passported to local community partners to respond to local need quickly.

Holistic initiatives include an energy pathway with Citizens Advice Northumberland providing crisis fuel support. The Council has also helped distribute more than 14,000 Covid Winter Support Grants, providing an uplift from £30 to £45 per child during the spring holidays. Promoting the principles of universality and prevention, the Council is working with a number of multi-sector thematic partnerships across the County looking at shared solutions to food access, financial wellbeing, and health and social care.

1.5 **Designing a programme for impact**

1.5.1 Our local authorities are working to systematically address the causes of child poverty, rather than its symptoms such as economic disadvantage and low educational attainment. A Child Poverty Prevention Programme for the North of Tyne would build on this established work by extending good practice or enabling additional activity which would otherwise not occur, providing evidence of how social and economic resilience work together to improve productivity within areas.

1.5.2 Following Cabinet approval, a full business case and funding proposal will be developed, to be considered at NTCA Investment Panel. Based on consultation with partners, a programme outline is presented below, made up of three pillars: funding an innovative programme of poverty

interventions in schools across the North of Tyne; financial support through the school gate; and working with employers to tackle child poverty.

a) Funding an innovative programme of poverty interventions in schools across the North of Tyne

- 1.5.3 Schools across the North of Tyne are developing responses to child poverty as a consequence of COVID-19. The recently appointed Education Recovery Commissioner suggests that localism and place³ should be at the heart of these responses, with schools and local leaders trusted to adopt initiatives that will best suit their pupils.
- 1.5.4 We propose the development of an innovative test and learn programme to address poverty in schools, drawing upon existing expertise and good practice in the region. Existing models in North of Tyne are varied. They include the poverty-proofing model, a nationally recognised model of good practice developed in the North East by Children North East⁴ and other interventions ranging from the provision of school uniform on an equitable and dignified basis, to providing access to food and 'cultural capital' in a way that is fair and consistent for all children.
- 1.5.5 A structured programme would allow NTCA to add value to the work of our constituent authorities in this field, scaling and sharing good practice to maximise impact for pupils across educational settings.

b) Financial support through the school gate

- 1.5.6 In 2020 the Greater London Authority worked with national specialist organisation the Child Poverty Action Group to pilot a model placing welfare advisers directly into 11 primary schools. Schools received either weekly or fortnightly advice sessions, delivered to parents by a specialist welfare rights worker. Newcastle Council has piloted a similar model: its Welfare Rights Service has run specific Tax Credit take-up sessions for the Bangladeshi community from community settings. These secured an additional £402,281 in welfare benefit gains for local residents.
- 1.5.7 The Citizen's Advice Bureau network across the region estimates that 240,000 people in the North-East have missed bill payments during the pandemic: when combined with the financial pressures of furlough and job losses in sectors already vulnerable to low-pay the pressure on families is mounting.
- 1.5.8 Commissioning a pilot to build on the Greater London Authority model and similar work from local authorities would grow our understanding of the benefits of bringing advice and support directly into trusted community settings. NTCA would ensure links to complementary programmes such as our Adult Education Budget-funded provision and Community Hubs programme were also made.
- 1.5.9 More pupils in the North of Tyne are eligible to access Free School Meals than the national average, yet we know many of our families are not applying. Helping our families to access their entitlement by amplifying the good practice evident in parts of North of Tyne would support both our residents and our schools.

³ Booth, S. Sir Kevan Collins: Covid has shown 'weakness' of 'over-centralisation' in education (2021) *Schools Week [online]*, 18 March 2021

⁴ www.povertyproofing.co.uk

c) Working with employers to tackle child poverty

- 1.5.10 The role of employers in addressing in-work poverty is significant. The North East Chamber of Commerce, working in partnership with Children North East is leading the way in helping employers better understand issues of poverty and the simple actions they can take to help. Beyond paying a decent, living wage this can include addressing financial insecurity, for example, through access to credit unions and in-work savings schemes.
- 1.5.11 NTCA is supporting this regional approach through the development of the Good Work Pledge and our work with our anchor organisations to make the good work *'the way we do things round here'*. NTCA could explore a role in supporting this pilot, helping to ensure a good diversity of business sectors and sizes was engaged, sharing the learning across the North of Tyne and more widely, whilst further promoting the Good Work Pledge.

Governance and Next Steps

2. Potential Impact on Objectives

- 2.1 NTCA's Vision is of a "dynamic and more inclusive economy...[which narrows] inequalities".⁵ We are committed to giving everyone the opportunity to thrive – to achieve a fair wage, and access good jobs, and by working in partnership with business, civil society and our residents to achieve this. Our Inclusive Economy Policy Statement reinforces this by committing NTCA to taking a people-focused approach to support every individual to succeed.⁶
- 2.2 A commitment to specific work on child poverty would signal NTCA's commitment to thinking creatively and progressively about the widest implications of an inclusive economy. A Child Poverty Prevention Programme would act as a prototype for the NTCA interventions which recognise and work to actively connect the social and the economic, delivering our ambitions for a more social and inclusive economy for the North of Tyne. It would also provide insight and learning which would strengthen the case for our Education Challenge.

3. Key Risks

- 3.1 The following key risks have been identified in relation to the proposals:

| Area | Risk | Mitigation |
|------------------------------|--|--|
| Duplication of existing work | The proposals duplicate or risk displacing existing work, especially of our local authorities. | NTCA has developed the proposals based on advice and evidence from the three local authorities (across education and communities' teams). Discussion and subsequent presentation of the proposal in outline at NTCA's Inclusive Economy Board has indicated there is support for the programme and good fit with wider local and regional activities. Active dialogue and consultation has also taken place with the Assistant Director: |

⁵ Home of Ambition: The Vision for the North of Tyne Combined Authority, November 2018, p3

⁶ Inclusive Economy Policy Statement, North of Tyne Combined Authority, December 2018, p4

| | | |
|--------------------------|---|--|
| | | Education & Skills at Newcastle City Council, Director of Education and Skills at Northumberland County Council, and the Assistant Director for Education at North Tyneside Council. |
| Impact of COVID19 | The ongoing effects of the pandemic limit the impact of the programme | The proposal is a direct response to the ongoing effects of the pandemic. Co-design with key stakeholders, including schools and businesses, will be key to ensure the programme offer is relevant, proportionate and tailored to their specific circumstances as recovery from the pandemic begins. |

4. Financial and Other Resources Implications

- 4.1 An indicative budget for the three programme pillars is outlined below. This includes an allocation for programme management and evaluation. Funding is proposed to come from NTCA Inclusive Economy Innovation Fund budget.

| | Year 1 | Year 2 | Total |
|---|-----------------|-----------------|-----------------|
| Poverty proofing with employers | £75,000 | £75,000 | £150,000 |
| Welfare advice in schools | £100,000 | £125,000 | £225,000 |
| Programme of schools-based poverty interventions | £150,000 | £200,000 | £350,000 |
| Programme management and evaluation | £75,000 | £75,000 | £150,000 |
| Total | £400,000 | £475,000 | £875,000 |

5. Next Steps

Subject to Cabinet's approval, a business case will be developed with input from education, community and poverty teams at each constituent authority. The above indicative budget will be further developed into a funding proposal to be considered at NTCA Investment Panel. Subject to these funding discussions, intended timings for a programme are Autumn 2021 to Autumn 2023. This would enable early learning to feed into NTCA's first Gateway Review.

6. Legal Implications

- 6.1 The comments of the Monitoring Officer have been incorporated in this report.

7. Equalities Implications

- 7.1 A Child Poverty Prevention Programme for NTCA will have specific positive impacts for groups experiencing protected characteristics, under the terms of the Equality Act 2010. Child poverty is a characteristic of socio-economic disadvantage and is highly correlated with single parent status, for example. Given the relationship between child poverty and in-work poverty, a Child Poverty Prevention Programme for the North of Tyne would specifically deliver the aims of the 2010 Equality Act: to advance equality of opportunity for all, especially for residents experiencing low pay/socio-economic disadvantage.

8. **Inclusive Economy Implications**

8.1 The Programme is proposed as part of NTCA's Employability and Inclusion policy priority, developing activities and interventions which achieve local economic resilience via strengthened communities, and more and good jobs. A Child Poverty Prevention Programme will specifically support the development of an inclusive economy in line with the following characteristics:

- Equity – Tackling inequality in the North of Tyne by addressing one of its main manifestations.
- Growth – Better understanding of specific interventions which can target poorer families and children, supporting residents towards more productive futures.

9. **Climate Change Implications**

9.1 There are no direct climate change implications for this report.

10. **Consultation and Engagement**

10.1 Under the direction of Portfolio holders, with the agreement of NTCA's Inclusive Economy Board independent Chair, the Board received a joint presentation from IPPR North and the North East Child Poverty Commission in November 2020. The Board asked officers to explore where NTCA could add value to work already underway in this area. Consultation with the North East Child Poverty Commission, Children North East and the North East Chamber of Commerce helped inform this proposal, moving from a series of workshops (already planned by wider stakeholders) to the proposed programme of activity. The Inclusive Economy Board then provided comments on an outline of proposals at their subsequent meeting in February 2021, noting in particular the need to make the poverty-proofing work with both schools and employers practically-focused and provide sufficient support to implement change meaningfully.

10.2 Consultation has also taken place at an officer-level with: the Assistant Director: Education & Skills at Newcastle City Council, Director of Education and Skills at Northumberland County Council, and the Assistant Director for Education at North Tyneside Council, the communities and/or poverty leads with our three local authorities and a number of education specialists via Adrian Dougherty, NTCA's Strategic Lead - Education Challenge.

10.3 NTCA officers are particularly grateful to Cabinet members from across the three authorities who helped improve these proposals with specific advice and insights.

11. **Appendices**

None

12. **Background Papers**

Child Poverty and Devolution in North East England, IPPR North, September 2020
NTCA Inclusive Economy Board, Child Poverty Update Report, February 2021
Director of Education Presentation, April 2021

13. **Contact Officers**

Leigh Mills
Head of Inclusive Growth
07855 100179 leigh.mills@northoftyne-ca.gov.uk

Adrian Dougherty
Strategic Lead – Education Challenge
07866173395 Adrian.dougherty@northoftyne-ca.gov.uk

14. **Glossary**

| | |
|------|--|
| IPPR | The Institute for Public Policy Research |
| NTCA | North of Tyne Combined Authority |

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Subject: Investment Fund Update and Funding Approvals
Report of: Director of Economic Growth
Portfolio: Economic Growth

Report Summary

The purpose of this report is to update Cabinet on progress with the North of Tyne Investment Fund, including new projects to support the economic recovery as we continue with Government's re-opening roadmap:

- £1.5m to encourage *Business Recovery Innovation* – enabling 150 Small and Medium Sized Companies to reduce the cost of purchasing and implementing new equipment and technology, enabling them to innovate to increase competitiveness and increase/safeguard jobs;
- £0.9m to *support jobs and skills access for young people* – including funding for Youth Employment Partnerships to better coordinate existing support for young people and make sure that gaps in activity can be proactively filled, together with resources for the Kickstart programme of work placements to help ensure young people gain the required skills and experiences;
- £1.5m of funding for *Community Hubs* – including investment in a number of physical hubs which provide a base for delivery by Voluntary and Community Sector Organisations, together with a grant programme which will help 100 community organisations and support 2500 residents to access volunteering and community-based support;
- £1.25m to unlock *Housing Delivery* – with the latest approval from our Brownfield Housing Fund pipeline helping address abnormal costs relating to utility diversions and highways work at Ouseburn Mouth, on a development scheme which will be seeking planning approval in the next few months;
- £500k to unlock opportunities along the *Northumberland Line* – with funding being used for project and business case development, to help ensure that the social, housing and economic benefits associated with the reintroduction of passenger rail services on the Northumberland Line are maximised.

These investments build on previous Investment Fund commitments of £62.38m, which are forecast to generate 4193 jobs and draw in more than £193m of private sector leverage.

Recommendations

The Cabinet is recommended to:

1. Note progress to date on the Investment Fund, achievement of key milestones and ongoing development work, particularly in respect of defrayed expenditure and achievements in terms of tangible jobs for residents as a direct result of our investment.

2. Approve funding of £1.5million to Northumberland Business Services Ltd to deliver the Business Recovery Innovation Grants.
3. Authorise the Interim Head of Paid Service to finalise the conditions to be attached to the above funding award and authorise the Interim Monitoring Officer to complete the necessary documentation.
4. Invite Investment Panel to consider a full business case for the proposed Union Learn project and to authorise the Head of Paid Service, in consultation with Investment Panel, the Mayor and the Portfolio Holder for Employability and Inclusion to authorise funding of up to £430K to support the project.

1. Background Information, Proposals and Timetable for Implementation

1.1 Background

- 1.1.1 At the time of writing this report, there are tentative signs of economic recovery. Step three of Government's re-opening roadmap has been successfully implemented, with hospitality and leisure venues welcoming back customers. Footfall has recovered sharply and accommodation providers report good levels of forward bookings, particularly in more rural/coastal locations. The latest unemployment data for the NE indicate that the economic impact of the pandemic has been no more severe than in other parts of the country, in contrast to our experience of previous recessions.
- 1.1.2 Recent UK economic forecasts have been revised upwards; for example, the Bank of England is now predicting that UK unemployment will only rise fractionally from current levels to peak at 5.5%, when only 3 months ago they were predicting it would reach 7.75%. Nevertheless, there remain concerns about new COVID-19 variants and the impact of future local/national measures. It is also clear that the pandemic has exacerbated inequalities – with households in aggregate having increased savings, but the number of financially vulnerable households increasing sharply; while as many as 23,600 residents in the NTCA are unemployed, with young people particularly affected.
- 1.1.3 Against this backdrop, the North of Tyne continues to invest to support the economic recovery, whilst also bringing forward the wider opportunities articulated in the Devolution Deal and the Economic Vision agreed by Cabinet. The Culture and Creative Recovery Fund will shortly be launched, directly supporting businesses in that sector, and adding to the emergency support provided by the Combined Authority through the COVID-19 Capacity Fund and the existing sectoral programmes.
- 1.1.4 This report brings forward the first project of our Recovery Innovation Programme, together with measures to provide additional help to support young people to find work. The report also confirms investment in community hubs, in housing site preparation and in developing projects to help maximise the economic benefits from the Northumberland Line. The report also proposes that a business case is developed for a Union Learn project and provides an update on progress with the Community Renewal Fund.

1.2 Investment Fund progress to date

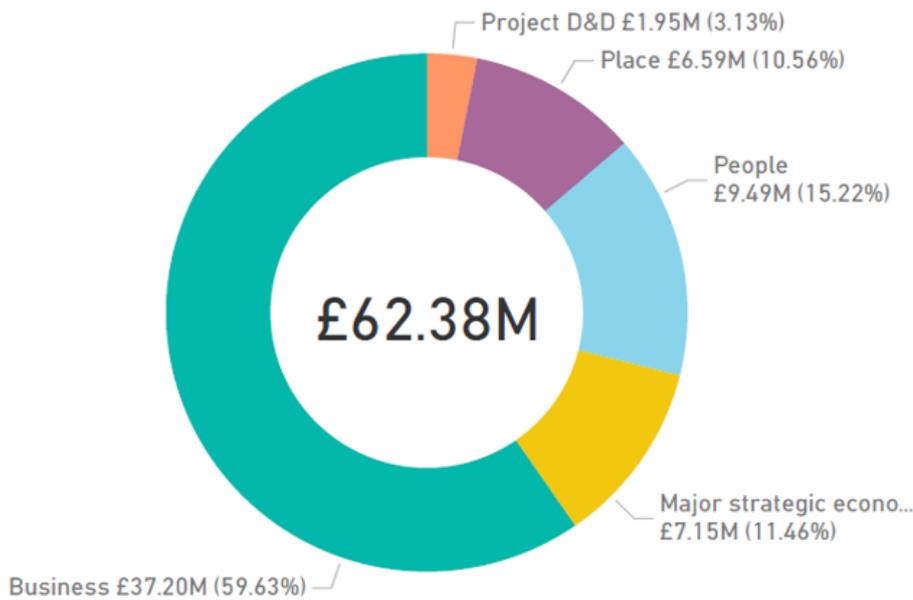
- 1.2.1 Delivery of the Investment Fund Programme continues at pace; since March, a further £3.25m has been approved bringing the total value of committed spend to £62.38m against 66 live contracts. A strong pipeline of high-quality projects is in development with several significant investments planned over the coming months. This includes interventions to grow our digital and ageing sectors, as well support for our residents, creating opportunities to develop new skills and progress into employment.

1.2.2 The ongoing impact of the COVID-19 pandemic remains a key focus for the Combined Authority; we continue to work closely with stakeholders and project sponsors, taking a flexible approach where we can to support ongoing delivery and ensure a fit for purpose programme of investment.

1.2.3 To date the Combined Authority has achieved:

- A commitment of £62.38m against 66 live projects – out of a total programme value of £90m to March 2023
- These projects will attract £193m of private sector leverage and are forecast to deliver 4193 jobs and safeguard a further 2673.
- Of these, the first 179 new jobs have been created and 900 safeguarded.

Diagram 1: Investment Fund commitments to date



1.2.4 Good progress is also being made on the NTCA’s Brownfield Housing Fund programme; the pipeline currently stands at £26.11m with £9.83m formally committed. Contracted projects are forecasting the creation of 1402 housing units with the extended pipeline accounting for more; this is significant progress against our contracted target with government of 1500 new housing units. The proposals have also been successful in securing to date private sector leverage of £71m.

1.2.5 The impact of recent COVID-19 restrictions and the adverse weather have impacted slightly on the progression of housing development site works; however, all projects are expecting to make up any delay over the next few months.

1.3 Recovery Innovation Grants

1.3.1 Cabinet in March 2021 agreed the first phase of the Recovery Innovation Programme. A proposal to deliver the first project – Recovery Innovation Grants – has been received by Northumberland Business Services Ltd (NBSL) following the conclusion of an open call process:

| | |
|--------------------------|---|
| Proposal Name | North of Tyne Recovery Innovation Grants |
| Lead Organisation | Northumberland Business Services Ltd (NBSL) |
| Partners | Innovation SuperNetwork |
| Delivery Areas | Across the whole of the North of Tyne |
| Timescales | May 2021 – March 2022 (delivery completion) and September 2022 (financial completion) |
| Project value | £2,700,000 |
| Grant requested | £1,500,000 |
| NTCA Budget Implications | This project forms part of the £10m Recovery Innovation Fund previously approved by Cabinet. It will be part of the 'Business and Enterprise Support' element of the Investment Plan, where £2.0m would remain unallocated if this project were approved. |

1.3.2 Subject to approval from Cabinet, Northumberland Business Services Ltd will be responsible for the detailed design, management and administration of the Recovery Innovation Grants. They have extensive experience of supporting businesses and providing financial products, which could be deployed to enable rapid implementation. The Innovation SuperNetwork will be an additional delivery partner to maximise impact and ensure that the Grants are aligned to other innovation initiatives, whilst a range of other organisations have provided endorsements and intend to integrate this project with existing business support. Both NBSL and the Innovation Super-Network have extensive existing business networks and contacts, which can be utilised to reach more businesses.

1.3.3 The project is part of the wider Recovery Innovation proposal and is a response to evidence that businesses are unable to meet the full costs of necessary investment into technology. The objectives of the project are to:

- Reduce the cost to businesses of undertaking adaptation/innovation, encouraging business investment
- Support the safeguarding and creation of jobs (see outputs below)
- Align with NTCA's inclusive economy focus and approach

| Output | Number |
|-------------------------|-------------|
| Direct jobs created | 100 |
| Direct Jobs Safeguarded | 200 |
| Businesses supported | 150 |
| Private sector leverage | £1.2million |

1.3.4 The Recovery Innovation Grants could be used by SMEs for the purchase of new equipment and technology; introduction of new cyber security measures; consultancy advice and leadership/management training related to company innovation/evolution; or used as match against other innovation funding. Funding could not be used to replace existing equipment, e.g. computers, or for routine expenditure.

1.3.5 Investment Panel considered the proposal at its meeting on 20th May. All the elements of the external 'Green Book' appraisal, conducted by New Skills Consultancy, were rated Green and the project is recommended to Cabinet for approval, subject to the following funding conditions:

- Confirmation from the NTCA legal team that the project is compliant with the new UK Subsidy Control regime
- The applicant provides a copy of the contract with their project delivery partner, prior to the start of project delivery.

1.4 Youth Employment Partnerships and Kickstart

- 1.4.1 Recent data produced by the Office for National Statistics (ONS) show that younger people continue to bear the brunt of the jobs crisis amid widespread cuts in sectors such as hospitality. In the year to March, 811,000 payroll jobs were lost in the UK, with under-35s accounting for 80% of the lost jobs. As agreed by NTCA Cabinet in September, the development of *Youth Employment Partnerships* and the *Kickstart* programme are integral parts of our COVID-19 recovery response. Following the preparation and scrutiny of full business cases, both projects were considered by Investment Panel on 20th May and recommended for approval to the Interim Head of Paid Service.
- 1.4.2 Our Youth Employment Partnerships will bring together DWP, Local Authorities, employability and skills providers and the NTCA to support young people and tackle the youth unemployment that results from the economic impact of COVID-19. They will be responsible for coordinating and maximising existing capacity, and commission activity to fill gaps. Youth Employment Partnerships will ensure:
- additional provision is provided to young people, addressing any gaps in the existing support framework.
 - additional capacity is provided at a local level, including through the voluntary sector, to improve the engagement of young people with existing services and support to improve reach into communities and maximise existing capacity.
 - improved understanding of need and ability to meet demand for support. This in turn will maximise the return on investment in NTCA wide programmes such as Kickstart and AEB. Insights and intelligence gathered will help NTCA advocate to Government on the needs of young people, and the investment required to support an improved system wide response in the medium to long term.
- 1.4.3 The NTCA investment will add value to the existing system of employment support for young people aged 16-24 – improving availability and access to employability and mental health services for up to 2000 young people and providing funding for targeted engagement activities within communities.
- 1.4.4 The Youth Employment Partnerships will be complemented by NTCA investing in an enhanced programme of local delivery for the national Kickstart Scheme. The Kickstart Scheme provides funding to create new job placements for 16 to 24 year olds on Universal Credit. Employers of all sizes can apply for funding which covers:
- 100% of the National Minimum Wage (or the National Living Wage depending on the age of the participant) for 25 hours per week for a total of 6 months
 - associated employer National Insurance contributions
 - employer minimum automatic enrolment contributions
 - each employer receives £1,500 funding per placement from the national scheme, which must be spent on setup costs and supporting the young person to develop their employability skills – including training and employability support; IT equipment and software; and uniform or Personal Protective Equipment.
- 1.4.5 NTCA is Gateway organisation for the Kickstart programme, and playing a key role in ensuring that young people in the North of Tyne benefit from the maximum number of high-quality placements possible. Our ambition for Kickstart is to work with employers to enhance the opportunities for young people and to create good quality placements, in line with the expectations of the NTCA Good Work Pledge. Ensuring that both the young person and the employer gain a positive experience from Kickstart is fundamental to our approach. NTCA investment will boost our capacity as a Gateway and ensure the availability of high-quality wraparound support for both employers and young people.

1.5 North of Tyne Community Hubs

- 1.5.1 In July 2020, Cabinet agreed the outline Community Hubs programme, delegating approval to the interim Head of Paid Service, in consultation with Investment Panel, for detailed design and implementation. Following the preparation and scrutiny of full business cases, proposals by Northumberland County Council (for £496,474 of NTCA resources), North Tyneside Council (£500,000) and Newcastle City Council (£500,000) have been considered by Investment Panel and recommended for approval by the Interim Head of Paid Service.
- 1.5.2 Together, the three projects will safeguard or create 3800 sq/m of space for shared community and business activity leading to the indirect safeguarding of 40 jobs; create up to 10 new jobs; support around 2500 residents to access volunteering and community-based support; and build the capacity of around 100 community organisations, including support to diversify income streams.
- 1.5.3 Detailed delivery arrangements vary across the 3 projects, to reflect local priorities identified through consultation. In Northumberland, the programme will improve the quality and accessibility of Cramlington, Lynemouth and Newbiggin hubs; provide grants for voluntary sector organisations and develop an App to connect people across the County to support. In Newcastle, the funding will be delivered through 4 community hubs across the city, where it will be used to support learning opportunities, youth engagement and youth-led activities – together with support for social and community enterprises at pre-start and early start up stages. In North Tyneside, the project will support the creation of a community hub at Wallsend Centre (attracting additional investment from North Tyneside Council) and provide space for the development of new social enterprise activities, together with a community grants scheme.

1.6 Northumberland Line Economic Corridor Technical Capacity Fund

- 1.6.1 In March 2021, NTCA Cabinet endorsed the Northumberland Line Economic Corridor Strategy and agreed an allocation of up to £500k from the North of Tyne Investment fund to establish a Technical Capacity Fund for project development. The business case has been developed and appraised, and Investment Panel has recommended that it is approved by the Interim Head of Paid Service
- 1.6.2 The Northumberland Line Economic Corridor (NLEC) technical capacity fund will be utilised to support the corridor of growth which will be enabled by the reintroduction of rail services on the Northumberland Line. Specifically, it will help develop a pipeline of interventions to outline or full business case, enabling them to attract further funding and investment. With the reintroduction of passenger services scheduled for Winter 2023, it is necessary to develop the economic corridor in tandem with construction of the line in order to capitalise on the opportunities presented by the line.
- 1.6.3 The potential of this work is significant, and could help achieve a number of mutually reinforcing objectives:
- Maximise and leverage the impact of infrastructure investment, such as bringing forth housing sites
 - Capitalise on the green economy shift by accelerating growth in clean energy and priority sectors
 - Reduce dependency on car as a mode of transport
 - Improve employment and training opportunities in growing sectors such as digital and health and life sciences for local residents
 - Tackle deprivation and raise quality of life
 - Enhance the profile and perception of the local area

1.7 Brownfield Housing Fund

Ouseburn Mouth

- 1.7.1 Since the last meeting of Cabinet, a further housing site has been recommended to the Interim Head of Paid Service for approval by Investment Panel, subject to final due diligence. The proposal relates to the redevelopment of Malmo Quay and Spillers Quay – both located at Ouseburn Mouth. This follows on from previous project approvals for Newbiggin Hall, Scotswood Commissioners Quay and North Shields Masterplan Area. Together with projects on the forward pipeline, it is expected that this programme will support more than 1,500 new homes.
- 1.7.2 £1,250,000 of funding will be used to address a funding gap on the scheme due to the presence of a number of site abnormalities – including utility diversions and highways work – together with associated survey work. The overall funding for the scheme is:
- £1.25 million BHF
 - £1.75 million Housing Infrastructure Fund
 - £44.4 million PFP igloo
- 1.7.3 The intention of the scheme is to unlock the development of 150 high quality 1, 2, 3 and 4 bedroomed residential units which will be for market sale. The development will include a wide riverside promenade and new public space. PFP igloo have a strong track record in delivering homes, commercial buildings and public realm that performs above-market and beyond regulatory requirements on energy efficiency, use of renewables technologies, thermal performance, methods of construction, construction waste, low embodied carbon and toxicity in materials and finishes and greening, habitat creation and biodiversity. The development aims to exceed the benchmarks set at the Malings and Lower Steenberg's Yard sites and deliver exemplary, low carbon development.
- 1.7.4 The role of the Combined Authority is to use the Brownfield Housing Fund to help projects which meet the criteria for this fund to enable them to overcome their viability gap. The scheme itself is subject to Planning Approval, which will be decided by the Planning Authority, Newcastle City Council.

Brownfield Housing Fund Delivery Plan

- 1.7.5 The NTCA is required to submit a Brownfield Housing Fund Delivery Plan to MHCLG by June 2021. The Delivery Plan includes the current pipeline of site, together with details of NTCA's approach, including the application, appraisal, monitoring and governance arrangements.
- 1.7.6 The draft Delivery Plan has been considered by Investment Panel and the final version of the Plan will be submitted by the Combined Authority by the deadline.
- 1.7.7 The Delivery Plan will be updated on an annual basis, to allow for flexibility in the programme and additional sites to be added. The next review is scheduled on or before 30 April 2022.

1.8 Union Learn Fund

- 1.8.1 Equipping our residents with the skills our businesses need, whilst enabling residents to progress in work to more rewarding and fulfilling opportunities, is an integral part of the NTCA inclusive economy ambitions and the Strategic Skills Plan. Trade unions are in a unique position to play a constructive role in connecting employers and employees in with existing skills and training provision, championing opportunities for good work and ensuring equality of access across our workforce.

1.8.2 Together, NTCA, the Northern TUC and our constituent Local Authorities have identified an opportunity to build upon learning from previous national Union Learning Funding schemes to test a new localised approach to engaging workers with relatively low qualification levels in training and education, furthering opportunities for good work in the North of Tyne. The proposal is to run this project for two years.

1.8.3 The aim of this project is to:

- develop local capacity with Northern TUC to coordinate Union Learn activities, provide direct support to Union Representatives and to build relationships with employers, particularly focused on the NTCA growth sectors and Good Work activities.
- expand the capacity available within the Unions to engage employees in skills development initiatives. This support will be targeted within the Local Authority structures as significant employers and anchor institutions within the North of Tyne.

1.8.4 Cabinet is recommended to invite Investment Panel to consider a full business case for the proposed Union Learn project and to authorise the Head of Paid Service, in consultation with Investment Panel, the Mayor and Portfolio Holder for Employability and Inclusion to authorise funding up to a maximum of £430K to support the project.

1.9 Community Renewal Fund – update on process

1.9.1 Government launched the £220 million UK Community Renewal Fund (UKCRF) alongside the March Budget, with funding to be allocated competitively. The Fund covers the following themes:

- Investment in skills
- Investment for local business
- Investment in communities and place
- Supporting people into employment

1.9.2 The NTCA is identified as the lead bidding authority for all three local authority areas and has run a call for projects. In total, 32 bids were received, with a total funding ask of Government of almost £22 million. At the time of writing this report, these bids were undergoing appraisal.

| Priority theme | No. of bids received | Total value (£) | Total ask of CRF (£) |
|----------------|----------------------|-----------------|----------------------|
| Business | 6 | 6,839,784 | 4,995,536 |
| Communities | 7 | 4,217,479 | 3,764,315 |
| Employment | 7 | 4,903,961 | 4,868,961 |
| Skills | 12 | 8,733,031 | 8,337,491 |
| Total | 32 | 24,694,255 | 21,866,303 |

1.9.3 Because of the compressed timescales for these programmes, Cabinet in March agreed to delegate authority to the Director of Economic Growth, in consultation with Investment Panel and the Mayor, for submission of a Community Renewal Fund bid to Government. The bids submission deadline to Government is Friday 18 June, and project delivery is to be complete by March 2022.

2. Potential Impact on Objectives

Programme delivery as described in the report is consistent with the priorities set out in NTCA's vision.

3. Key Risks

Programme risks are managed in line with agreed processes and Individual project risks have been considered as part of the application and appraisal process.

4. Financial and Other Resources Implications

This paper reports progress on projects amounting for £5.65m of NTCA funding. A number of projects detailed in the report are subject to Delegated Authority from Cabinet and their financial implications will be fully considered through that process. In terms of specific funding requests from North of Tyne Investment Funds set out in this paper, for which Cabinet approval is requested, are as follows:

| | 2021/22 | 2022/23 | Total |
|----------------------------|-------------------|----------------|-------------------|
| <i>Recovery Innovation</i> | £1,473,187 | £26,814 | £1,500,000 |
| | | | |
| TOTAL | £1,473,187 | £26,814 | £1,500,000 |

5. Legal Implications

The Interim Monitoring Officer's comments have been included in this report.

6. Equalities Implications

Equality impact assessments are undertaken for all funding requests in accordance with the agreed process.

7. Inclusive Economy Implications

The inclusive economy case is assessed on an individual project basis as part of the assessment process and is embedded within the Investment Fund criteria. The activity described within this report is considered to positively support the Inclusive economy priorities of the Combined Authority, particularly by supporting the development of a Poverty Truth Commission.

8. Climate Change Implications

Climate change implications are assessed on an individual project basis as part of the assessment process. The activity described within this report is considered to positively support the climate change priorities of the Combined Authority, particularly by supporting the adoption of digital technologies by SMEs.

9. Consultation and Engagement

Stakeholders have been fully engaged in the development of the project proposals and as far as possible wider engagement has been sought in the development and market testing of open calls

10. Appendices

None

11. Background Papers

None

12. Contact Officers

Rob Hamilton, Chief Economist
Rob.hamilton@northoftyne-ca.gov.uk; 0191 277 8947

Chrisi Page, North of Tyne Investment Programme Manager
Chrisi.page@northoftyne-ca.gov.uk , 07977 51755

13. Glossary

| | |
|------|--------------------------------------|
| NTCA | North of Tyne Combined Authority |
| SME | Small to Medium Enterprise |
| CRF | Community Renewal Fund |
| VCS | Voluntary and Community Sector |
| BHF | Brownfield Housing Fund |
| NBSL | Northumberland Business Services Ltd |



Subject: 2020-21 NTCA Outturn Report, including North East Local Enterprise Partnership and Invest North East England

Report of: Chief Finance Officer

Report Summary

The purpose of this report is to advise Cabinet on the provisional 2020-21 outturn position of the North of Tyne Combined Authority (NTCA) including the Corporate Fund, Investment Fund, Adult Education Budget, and Brownfield Housing Fund. Wording to add that these are provisional as be subject to external audit as part of the Audit of the 20-21 Statutory Accounts

The North of Tyne Combined Authority became the Accountable Body for the North East LEP and Invest North East England from 1 April 2020. This report will also include the 2020-21 Outturn position for the North East LEP and Invest North East England in addition to reporting on the Accountable Body Budget.

Recommendations

The Cabinet is recommended to note:

1. Note the NTCA provisional 2020-21 Outturn position for the Corporate Fund (section 1.3), Investment Fund (section 1.4)
2. Note performance against the Brownfield Housing Capital Budget and Investment Fund Capital Budgets (section 1.5).
3. Note performance against the Adult Education Budget (section 1.6)
4. 2020-21 Decisions made in relation to reserves and balances (section 1.7).
5. The Accountable Body Budget Outturn position and the funding position (section 1.8).
6. The Combined Authority's Treasury Management performance (section 1.9).
7. The North East LEP 2020-21 Outturn position and 3-year Outline Budget position (Appendix A).
8. The Invest North East England 2020-21 Outturn position (Appendix B).

1. Background Information, Proposals and Timetable for Implementation

1.1 Summary

- 1.1.1 This report sets out the provisional outturn position to be included in the Statutory accounts for 2020-21. The Accounts and Audit Regulations 2020/21, which took effect from 31 March 2021 revised the requirement for the audited accounts to be published from 31 July to 30 September. With the exercise of public rights, common inspection date being removed, and the draft accounts published no later than 1 August. This will require the Chief Finance Officer to certify the draft accounts by 31 July 2021 with the approval of the Accounts by Audit and Standards Committee taking place in September 2020. Audit and Standards have been briefed on these changes. The figures in this report will remain provisional until the completion of the Accounts. This revised regulation will apply also to the 2021/22 accounts.

- 1.1.2 The Accounts are a statutory document which set out the Authority's financial position and performance for the year in a series of formal accounts prepared according to specific and regulatory framework. Successive changes to local government accounting practice and the way in which the Combined Authority is structured have made the accounts a very technical document. This report sets out the Authority's financial performance in an outturn report. This reflects the Combined Authority's structure and is set out in a similar basis to the quarterly budget monitoring reports presented to Cabinet throughout the year.
- 1.1.3 When the 2020/21 Budget and MTFP were agreed in January, nobody could have predicted the financial impact of the COVID-19 pandemic both nationally and locally. Reports published by both the Office for National Statistics and the Office for Budget Responsibility describe the significant economic impact that COVID-19 has had on public sector finances; this impact has also been felt locally.
- 1.1.4 Throughout the response to the pandemic, the Combined Authority has worked with regional colleagues to support the submission for Recovery Support and Finance for the North East. In addition the Authority has taken a proactive approach to support for particular sectors impacted by the Pandemic, some examples of this include the continuation of the support to enhance short-term skills, jobs and inclusive economy interventions – Kickstart, Youth Hubs, Good Work Pledge, Culture and Tourism Recovery, Climate innovation and Growth of the Digital Sector. Included in the Investment Fund update to Cabinet today is the proposed allocation of £10.000m of Investment Funds to proceed with a North of Tyne Recovery Innovation Deal to supporting our businesses, social enterprises and Local Authorities to proactively innovate business models and sustain jobs in sectors that have been hit by the crisis.
- 1.1.5 The Mayor and Cabinet have continued to be clear in their approach to ensuring the North of Tyne Combined Authority is a lean organisation. The outturn performance reflects this with an underspend against budget of £0.599m. The outturn position reflects the increasing numbers of projects and programmes, this has included recruitment, capacity management and retention of a competent, productive, and collegiate workforce with the aim of creating a long-term staffing plan. The organisation may grow in the future and that will be based on a set of consistent set of agreed principles appropriate for the authority.
- 1.1.6 As part of statutory reporting regulations there is a requirement to ensure there is a clear audit trail between the outturn figures reported to Cabinet and those published in the Statement of Accounts. For 2020-21 there are no specific statutory accounting adjustments that will apply directly to the Combined Authority, however, the statutory accounts will include an element of the accounts for the North East Combined Authority that relate to transport activities that can be attributed to the North of Tyne Authorities. The financial year 2020-21 is also the first year that the North East LEP and Invest North East England figures will be incorporated into the NTCA Statement of Accounts as their Accountable Body. For this purpose, the Accountable Body Budget outturn position is reflected in section 1.8 including the funding sources.

1.2 **Outturn and Reserves**

- 1.2.1 The budget for 2020-21 was approved by full Cabinet at its meeting of 28 January 2020. Included in that budget was estimated expenditure across the year for both the Corporate Budget, Investment Fund and Adult Education Budget. The Corporate Budget was set at a net zero position covering the costs associated with capacity to deliver. The Investment Fund Budget was set at £15.423m reflecting the costs associated with continuing development of proposals to be delivered from the Investment Fund. The Adult Education Budget (£13.279m) reflected the first year of delivery and was based on a part year reflecting delivery on the academic year from August to March 2021. Brownfield Housing Fund was secured mid-way through the financial year and hence was not reflected in the original budget proposals.

1.2.2 The Outturn for 2020-21 indicates a net income position of (£0.599m) for the Corporate Budget based on the budgeted level of contribution from the Investment Fund of (£1.400m).

1.2.3 The reserves position reflects the position on the Investment Fund Reserve at the end of the financial year 2020-21 and shows the Strategic Reserve maintained at £0.200m.

1.3 Corporate Budget Outturn

1.3.1 The Corporate Budget Outturn is presented in Table 1. The narrative below provides more detail.

Table 1 Corporate Outturn 2020-21

| Corporate Budget 2020-21 | 2020-21 Budget | 2020-21 Outturn | Variance |
|--|-----------------------|------------------------|-----------------|
| Expenditure | £m | £m | £m |
| Staffing/Secondments | 2.401 | 2.210 | (0.191) |
| Advisors External | 0.070 | 0.094 | 0.024 |
| Other Expenditure | 0.539 | 0.583 | 0.044 |
| SLA with Constituent Authorities | 0.403 | 0.298 | (0.105) |
| Use of Reserves BR Pilot/EU Exit/Veterans | 0 | 5.057 | 5.057 |
| JTC Levy | 27.074 | 27.074 | 0 |
| Gross Expenditure | 30.487 | 35.316 | 4.829 |
| Income | | | |
| Investment Fund (IF) Contribution | (1.400) | (1.400) | 0 |
| Mayoral Capacity Fund | (0.750) | (1.000) | (0.250) |
| Adult Education Budget Contribution | (0.526) | (0.541) | (0.015) |
| Contributions from Constituent Authorities | (0.111) | (0.111) | 0 |
| Programme support costs recovered from IF | (0.451) | (0.315) | 0.136 |
| Brownfield Housing Programme Costs | 0 | (0.194) | (0.194) |
| Use of Reserves | 0 | (5.057) | (5.057) |
| Investment Interest Receivable | (0.175) | (0.373) | (0.198) |
| JTC Levy | (27.074) | (27.074) | 0 |
| Gross Income | (30.487) | (36.065) | (5.578) |
| Net Income/Expenditure | 0 | 0.749 | 0.749 |
| C/F Sector Commissioning underspend | 0 | 0.150 | 0.150 |
| 2020/21 Outturn/Transfer to General Reserve | 0 | (0.599) | (0.599) |

1.3.2 Gross expenditure outturn position for the year was £35.316 including the JTC Levy, this is £4.829m over budget this is primarily due to the drawdown from reserves in relation to payments returned to the three Constituent Authorities in respect of the Business Rates Pooling Pilot in 2019-20 (£4.877m). These monies were received in 2019-20 from the Constituent Authorities and were held in reserve on the balance sheet as at 31 March 2020. The decision was taken in 2020-21 to return the respective amounts back to the Authorities to be used in relation to the Covid-19 pandemic. Homeless Veteran Grant was also drawn down from the balance sheet and split equally among the Constituent Authorities (£0.090m) and Preparing to Exit funding from MHCLG (£0.090m) was drawn down and paid over to the North East LEP for delivery in relation to Brexit. Total payments made, from draw down from reserves (£5.057m).

- 1.3.3 The staffing expenditure budget was underspent by (£0.191m) due primarily to a lower rate of superannuation (5.2%) compared to that reflected in the budget estimates (20%), although the number of staff employed directly by the Combined Authority rose from 41 to 58 staff over the course of the year with the majority of these posts linked directly to delivery on specific programmes within the Investment Fund.
- 1.3.4 Expenditure on Service Level Agreements (SLA's) was lower than compared to budget, a reduction of £0.105m, this reflected an ongoing review of SLA's to ensure services provided are in line with support required by the Combined Authority. Expenditure against the Accommodation budget was lower than anticipated due to delay in moving into the Lumen as a consequence of the pandemic, £0.178m against a budget of £0.269m. A new Management Information System was purchased during the year to assist on reporting and monitoring on the Investment Fund (£0.056m cost in year one), the North East LEP will also benefit from this new system and have provided a contribution towards the development costs of (£0.019m) shown under income on Table 1. Development on a new website for the Combined Authority was purchased (£0.024m). Pension Contribution to the North East LEP (£0.128m) funded through the reduction in the superannuation rate as detailed above. In addition to this savings against budget were shown against travel and subsistence (£0.037m) and Marketing and Communications (£0.036m).
- 1.3.5 External Advisor costs were £0.094m, £0.200m was earmarked from 2019-20 underspend to fund commitments in relation to sector commissioning work. Only £0.050m of this element of the budget was spent, however, the balance of £0.150m will be carried forward to fund the continued commitments.
- 1.3.6 Gross Income exceeded budget in the year by £5.578m, this includes the Business Rates Pilot and Veteran and Preparing to Exit funding as detailed in 1.3.2 (£5.057m). The remaining income balance (£0.521m) includes additional £0.250m Mayoral Capacity Grant, the increase in Mayoral Capacity Grant was across all Combined Authorities and an additional £1.000m has been awarded in 2021-22. Interest on investment income was higher than budgeted £0.373m against the budgeted income level of £0.175m. This was due in part to holding a high level of balances at the beginning of the year to invest with other Local Authorities.

1.4 Investment Fund

- 1.4.1 As at the end of financial year 2020-21 the Investment Fund total commitments stood at £62.380m against 66 live contracts. A strong pipeline of high-quality projects is in development with several significant investments planned over the coming months. This includes interventions to grow our digital and ageing sectors, as well support for our residents, creating opportunities to develop new skills and progress into employment
- 1.4.2 To date the Combined Authority has achieved:
- A commitment of £62.38m against 66 live projects – out of a total programme value of £90m to March 2023
 - These projects will attract £193m of private sector leverage and are forecast to deliver 4193 jobs and safeguard a further 2673.
 - Of these, the first 179 new jobs have been created and 900 safeguarded.

Table 2 below sets out the commitments against the key themes of the Investment Fund.

Table 2 Investment Fund Key Themes Commitments

| | Committed | Allocation | % Allocated |
|--|------------------|-------------------|--------------------|
| | £m | £m | |
| Business | 37.2 | 45.30 | 82.12% |
| People | 9.49 | 17.30 | 54.86% |
| Place | 6.59 | 13.25 | 49.74% |
| Major Strategic Economic Opportunities | 7.15 | 9.65 | 74.09% |
| Business Case Development Fund | 1.95 | 4.50 | 43.33% |
| | 62.38 | 90.00 | 69.31% |

1.4.3 Table 3 shows the spend on the Investment Fund end of financial year 2020-21.

Table 3: Investment Fund Outturn 2020-21

| | 2020-21 Budget | 2020-21 Outturn | 2020-21 Variance |
|---|---------------------------|----------------------------|-----------------------------|
| Expenditure | £m | £m | £m |
| Business Case Development Fund | 1.023 | 0.244 | 0.779 |
| Workstreams | 12.750 | 5.466 | 7.284 |
| Technical Support | 0.250 | 0.140 | 0.110 |
| Corporate Contribution | 1.400 | 1.400 | 0.000 |
| Corporate resource recharges | | 0.238 | -0.238 |
| Total Expenditure | 15.423 | 7.488 | 7.935 |
| | | | |
| Income | | | |
| Total Income | -20.000 | -20.000 | 0.000 |
| | | | |
| Net Position (Inc) / Expenditure | -4.577 | -12.512 | -7.935 |

1.4.4 The financial performance reported in Table 3 is actual spend against the plan during 2020/21, but clearly Table 2 illustrates the significant progress made in decision and actions to deliver the overall programme. Delivery against the Investment Fund Programme has been delayed for a couple of specific reasons. Firstly, the impact of Covid-19 Pandemic has been felt across the programme, impacting pace of delivery as projects have had to revise delivery mechanisms to enable activity to continue. This has led to a number of projects having to re-profile expenditure into future years. This remains the highest programme risk, along with pressure on resources as activity both on developing pipeline and contract management increases and has been regularly reported to Investment Panel.

1.4.5 Additionally, withdrawal from the European Union has led to a number of projects experiencing delays in agreeing Grant Funding Agreements. This has resulted in expenditure that had been forecast for 2020-21 being re-profiled into 2021-22 and is in part due to recipients adjusting to the changes in regulations from State Aid to Subsidy Control. NTCA have worked proactively with legal colleagues to understand the changes and develop solutions to reduce the risk of ongoing delays. These solutions have been embedded into the application and contracting processes.

1.4.6 Whilst delivery has been delayed in some areas, the quality of delivery continues to be strong. Relationships with grant recipients remain strong and organisations have been keen to work with NTCA to design and embed innovative delivery approaches, ensuring that projects can continue to meet the aims, objectives, and outputs that they set out to achieve. Additionally, the pipeline has

continued to develop with a number of schemes announced early in 2021, including the Green New Deal Fund which will deliver a significant amount of expenditure and outputs.

- 1.4.7 Within the above investment fund workstream there are the following projects which include funding to be spent on capital schemes:

Table 4 Investment Funded Capital Schemes

| Project | 2020-21 | 2021-22 | 2022-23 | Total |
|--|----------------|----------------|----------------|--------------|
| | £m | £m | £m | £m |
| NU Futures | 0.334 | 1.637 | 0.029 | 2.000 |
| North of Tyne Science Education Enrichment Programme | 0.023 | | | 0.023 |

1.5 Brownfield Housing Fund

- 1.5.1 NTCA secured £23.850m from Government’s £400m national Brownfield Housing Fund during 2020-21. The Brownfield Housing Fund is the first housing allocation for the North of Tyne Combined Authority. The funding is intended to support the development of at least 1,500 new homes, by remediating and revitalising brownfield sites across the North of Tyne area. In addition, NTCA secured £0.550m in revenue funding to support the acceleration of delivery in the earlier years of the programme, the in-year use of funding against the £0.550m is reflected in the Corporate Budget in Table 1. The Brownfield fund is part of a broader housing programme and pipeline of sites, shaping a strategic delivery approach to supporting housing and economic recovery.

- 1.5.2 In November 2020, following the gateway process, 14 schemes totalling £21.000m were formally agreed onto the programme whilst further schemes were being developed. In January to March 2021, the gateway process was repeated for an additional 12 sites, which were collated in collaboration with local authorities. This included new sites and those that didn’t pass the gateway first time. Following this process an additional five sites were formally agreed onto the programme, resulting in a current total pipeline of 19 schemes which have a total funding request of £26.100m. This position provides enough flexibility to manage the programme and NTCA, in collaboration with partners will continue to develop the pipeline of schemes in order to manage a deliverable capital programme which meets the requirements and timescales set out by MHCLG.

In terms of approvals NTCA have approved the following schemes, totalling £9,833,000

- Scotswood (The Rise Phase 2)
- Newbiggin Hall.
- North Shields Masterplan Area

These schemes have been contracted and are now delivering on the ground, the following section sets out further detail on each scheme.

Due to the late confirmation and receipt of funding in year expenditure achieved was £0.585m against the funding allocation for year 1 of £4.854m, the balance of funding from year 1 has been slipped into year 2, Table 5 overleaf shows the revised profile going forward over the 5 years as agreed with MHCLG.

Table 5 Brownfield Housing Funding Profile updated for Year 1 underspend

| | Total | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|--|--------------|---------------|---------------|---------------|---------------|---------------|
| | £m | £m | £m | £m | £m | £m |
| Funding Profile | 24.000 | 5.000 | 8.100 | 6.700 | 3.100 | 1.100 |
| Funding Profile with 7 underspend carried forward to year 2 | 23.854 | 0.585 | 12.368 | 6.700 | 3.100 | 1.100 |
| Projected Programme Spend | 26.184 | 0.585 | 11.693 | 6.925 | 6.687 | 0.293 |

The Combined Authority are required to provide an annual statement back to MHCLG with sign-off by the Chief Internal Auditor on spend and outputs reported.

1.6 Adult Education Budget (AEB)

- 1.6.1 In August 2020 the NTCA took control of a £23.145m Adult Education Budget (AEB), secured as part of the devolution deal. With Cabinet approval the devolved AEB was allocated to 29 education providers across 10 Grant Agreements and 21 Contracts for Services (via the establishment of a procurement framework).
- 1.6.2 Delivery of the AEB commenced on the 1st August 2020 and the impact of COVID-19 is being closely monitored, both in terms of learner engagement during the pandemic and providers performance against delivery plans and payment profiles that were set out at the beginning of the academic year. Performance against delivery is reviewed at quarterly monitoring points the first of which was in November 2020.
- 1.6.3 All NTCA funded AEB providers submitted a detailed delivery plan and payment profile for the academic year 2020-21. Providers are paid monthly, in arrears, against their payment profile, with reconciliation points throughout the year. Providers have implemented innovative plans to ensure that delivery continues throughout the COVID pandemic including transferring provision on-line where possible, supporting vulnerable learners through one to one video calls, and ensuring that classrooms and venues have effective safety measures in place.
- 1.6.4 NTCA also implemented new funding flexibilities from January 2021 to support providers with the impact of the crisis. These flexibilities included a fully funded non-accredited learning aim which can be utilised to provide informal activity to support learner engagement. A further flexibility removed the requirement for employed residents to contribute 50% towards the cost of their learning.
- 1.6.5 In recognition of the unprecedented impact on AEB delivery that COVID-19 restrictions have had during this academic year (AY) 2020-21, the Combined Authority explored a number of options in relation to the management of funding allocations and funding flexibilities to support delivery into AY 2021-22. To ensure a stable financial footing for the NTCA provider base going into the next funding year, whilst also ensuring the appropriate use of public funds.
- 1.6.6 The recommended option through delegated decision was to enable all providers to carry any 'under delivery' against their 2020-21 funding allocations into AY 2021-22 with no reconciliation applied in this funding year. To give all providers the option to continue to receive payments on profile until the end of the 2020-21 academic year (AY) so that they receive their full funding allocations. Any under-delivery against the 2020-21 allocations can be carried into 2021-22. This option ensures that providers are not unfairly penalised for under-delivery in 2020-21 due to circumstances outside their control i.e. COVID-19.
- 1.6.7 Table 6 below shows the actual expenditure on AEB for 2020-21, based on the agreed option to allowing all providers to carry forward under delivery against their 2020-21 funding allocations.

Table 6 Adult Education Budget 2020-21 Outturn

| | Academic Year August to March 2021 | | |
|---------------------------------|------------------------------------|----------------|------------------|
| AEB Outturn 2020-21 | Budget 2020-21 | Actual 2020-21 | Variance 2020-21 |
| Expenditure | £m | £m | £m |
| Grant Awards | 8.965 | 9.282 | 0.317 |
| Procured Services | 3.884 | 3.729 | (0.155) |
| High Value Courses | 0 | 0.137 | 0.137 |
| Swaps | 0 | 0.013 | 0.013 |
| Corporate Contribution | 0.396 | 0.425 | 0.029 |
| Total Expenditure | 13.245 | 13.586 | 0.341 |
| Income | | | |
| Funding Sources | (13.245) | (13.586) | (0.341) |
| Net position (Inc) / exp | 0 | 0 | 0 |

1.6.8 NTCA will monitor the 'carry in' delivery and have the option to recover funding at set reconciliation points in AY 2021-22 if underperformance occurs unrelated to the pandemic. This provides financial stability for providers with funding available to the end of the AY 2020-21 and into AY 2021-22 for longer term recovery planning.

1.6.9 The financial implications in terms of funding carried into the AY 2021-22 based on current projections would result in a carry-in of £3,271,032 with no funding recovery from providers.

1.7 Reserves

1.7.1 Reserves held at 31 March 2021 are detailed below in Table 7.

Table 7 Reserves as at 31 March 2021

| Reserves Statement | 2019-20 | Movement in Reserve | 2020-21 |
|---|---------------|---------------------|---------------|
| | £m | £m | £m |
| Homeless Veteran Grant Reserve | 0.091 | (0.091) | 0 |
| Preparing to Exit Europe Grant | 0.272 | (0.090) | 0.182 |
| Business Rates Pilot 2019/20 | 4.909 | (4.909) | 0 |
| Strategic Reserve | 0.200 | | 0.200 |
| Investment Fund Reserves | 36.839 | 13.111 | 49.950 |
| Total General (Useable) Reserves | 42.311 | 8.021 | 50.332 |

1.7.2 Useable Reserves have increased by £8.021m to £50.332m. The movement is due to the drawdown of the Business Rates Pilot Reserve to be paid back out to the three Constituent Authorities to provide support in relation to Covid-19 (£4.909m). The Homeless Veteran Grant (£0.091m) was drawn down and paid out in equal amounts to the three Constituent Authorities for specific delivery in line with grant objectives. Preparing to Exit Grant of (£0.090m) was drawn down and paid over to the North East LEP for delivery in relation to Brexit.

1.7.3 The Investment Fund Reserve has increased by £13.111m to £49.950m. The level of the reserve reflects Investment Fund monies received to date of £60m with delivery on projects at the initial stages of development. Table 2 shows the level of commitment to date against the five-year gateway review point as £62.380m which will see the level of the reserve reduce.

1.8 Accountable Body Budget

1.8.1 All seven local authorities (LA7) in the North East area currently contribute £0.010m to meet the costs of the North East (LEP) Accountable Body role. This funding covers the SLA providing support to the North East LEP in 2020-21.

1.8.2 Additional costs over and above the SLA charges (£0.058m) relate to finance and legal advisory costs and the North East LEP share of the insurance premium. These costs are funded from interest earned on investment income on the North East Investment Fund (NEIF) balances. The budget is kept under review for any new areas of work that are identified over and above the budget that is agreed, the 2021/22 North East LEP Accountable Body Budget is proposed to be maintained at the same level as the current year which results in a net balanced budget position. Table 8 shows the 2020-21 North East LEP Accountable Body Outturn.

Table 8 North East LEP Accountable Body 2020-21 Outturn

| 2020-21 North East LEP Accountable Body Outturn | |
|--|----------------|
| | 2020-21 |
| Expenditure | £m |
| Service Level Agreements | 0.068 |
| External Support | 0.060 |
| Total Expenditure | 0.128 |
| | |
| Income | |
| LEP Accountable Body Contributions (LA7) | (0.070) |
| Interest Income (NEIF) | (0.058) |
| Total Income | (0.128) |

1.9 Treasury Management

1.9.1 In line with the CIPFA Code of Practice on Treasury Management in the Public Services, the Authority is required to approve a treasury management strategy before the start of each financial year and to monitor/report performance against the strategy (with a mid-year review). Cabinet approved the 2020/21 Treasury Management Strategy on 28 January 2020.

1.9.2 A key part of the Authority's treasury management function is to ensure that cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Authority's low risk policy, providing adequate security and liquidity before considering investment return.

1.9.3 A key element of the treasury management function is the management of the funding associated with the Authority's capital investment plans. These capital plans provide a guide to any borrowing needs of the Authority, essentially the longer-term cash flow planning to ensure that the Authority can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer term cash flow surpluses.

1.9.4 Borrowing

At this current time the Authority does not have the powers to borrow other than for

Transport responsibilities, the borrowing that will be reflected in the 2020-21 Statement of Accounts relates to historic Tyne and Wear Transport activities and the financing and borrowing costs are met by the Tyne and Wear Levy. Details of which are included the Treasury Management Strategy and Prudential Indicators of the North East Combined Authority as the appointed accountable body.

1.10 Financial Investments

- 1.10.1 The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. The Authority's investment strategy will consider core balances and cash flow requirements and the outlook for short-term interest rates. Where cash flow identifies cash sums that could be invested for longer periods (potentially obtaining a greater return), the value to be obtained from longer term investments will be carefully assessed.
- 1.10.2 If it is thought that the Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable. Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.
- 1.10.3 To date the authority has invested solely in investments defined as Specified Investments these are investments which are denominated in sterling; repayable within 12 months (either because of an expiry date or through a non-conditional option); not defined as capital expenditure by legislation; and invested with a body or in an investment scheme described as high quality or invested with one of: the UK Government; a Local Authority; or a Parish Council or Community Council The authority's financial limits against this type of investment is shown in Table 9 below:

Table 9 NTCA Investment Financial Limits

| Type of institution | Financial Limit | Time Limit |
|---|-----------------|--|
| UK central government (Debt Management Office) | £50m | Unlimited |
| Money Market Funds AAA | £5m each | Liquid |
| Term deposits with Bank and Building Societies | £5m each | 12 months 6 months 100 days Not for use |
| UK Local authorities | £10m each | 1 year |
| Certificate of Deposits with banks and building societies | £5m each | 12 months 6 months 100 days Not for use |
| UK Government Treasury Bills | £10m each | 1 year |
| Local Authority controlled companies in the NTCA area | £5m | 5 years |

- 1.10.4 Investment income earned in 2020-21 was £0.373m, £0.198m higher than the budget (£0.175m). The original budget was set at a prudent level and based on primarily investing with the Debt Management Office (DMO). NTCA have now onboarded with brokers ICAP, Tradition and Imperial to enable investment with other Local Authorities for a term up to 12months, in line with the Treasury Management Strategy, which has yielded higher levels of interest than that of the DMO.
- 1.10.5 NTCA became the accountable body for the North East LEP (LEP) from the 1 April 2020, as such NTCA is responsible for managing the cashflow of the LEP in addition to its own. As at 31 March 2021 NTCA, including LEP balances, had a portfolio of £70.000m with an average rate of 0.49% invested earning in total £0.697m interest from investments with other local authorities for

a term no greater than 1 year. The interest has been split at year end across NTCA and LEP according to balances invested, the LEP proportion of investment income is £0.323m with £0.058m contributing to funding of the Accountable Body costs, see section 1.8 above. The additional level of investment income has allowed investments to be placed for a longer-term (up to 1 year) attracting higher levels of interest.

- 1.10.6 Link Asset Services produces a quarterly Investment Benchmarking report that assesses both the rate of return and the risk of the counterparty to calculate a weighted average rate of return, which is used for comparison across other similar Authorities. The average rate of return earned by NTCA (0.49%) exceeds the risk adjusted expectations as defined in the benchmarking report of 0.24%.
- 1.10.7 Given that average Money Market Fund return started at rates of 0.28% to 0.48% in April and have fallen to below 0.1000%, the achievement of an average rate of return of 0.49% is worth noting. This has been achieved through the placement of funds with a number of Local Authorities for up to 12 months at rates of 0.7% to 1.0% in the earlier part of the financial year. Analysis of cash flow forecasts early in the year (March 2020, following the first cut to Bank Rate) identified that funds could be placed for this duration due to the increased level of investment income as a result of the additional LEP monies. This provided an opportunity to agree 'forward' deals with Local Authorities that were concerned about liquidity in the market and anticipated a need at that time.
- 1.10.8 It continues to be a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in-line with the Bank Rate. This is particularly the case following the two latest bank rate cuts in March 2020. Link Asset Services indicates in its forecast that there is no increase in Bank Rate expected within the forecast horizon ending on 31st March 2023.
- 1.10.9 All investments made are in line with NTCA's Treasury Management Strategy and are considered a low risk counterparty/instrument commensurate with the Authority's low risk policy, providing adequate security and liquidity before considering investment return.

1.11 North East LEP and Invest North East England

- 1.11.1 Appendix A to this report includes the 2020-21 Outturn position for the North East LEP including the three-year indicative budget position, that is to be presented to LEP Board 27 May 2021. This includes performance of the Enterprise Zone account, Local Growth Fund and North-East Investment Fund. A small revenue surplus of £0.010m was generated on the LEP's core revenue budget, which is comparable to the surplus of £0.011m projected in the revised estimate for the year reported to the Board in January 2021. The LEP's General Reserve increased to £0.613m.
- 1.11.2 Invest North East England (INEE) 2020-21 Outturn position and 2021-22 Budget is shown in Appendix B.

2 Potential Impact on Objectives

- 2.1.1 The North of Tyne Combined Authority Vision document sets out the strategic objectives of the Authority. The 2020-21 Outturn against which the budget is monitored against demonstrates the Authority has properly discharged its functions and assisted in delivering the Authority's vision, policies, and priorities.

3 Key Risks

- 3.1 There are no specific risks relating to this report.

4 Financial and Other Resources Implications

- 4.1 This report sets out in full the financial and resource implications that have arose over the past financial year 2020-21.
- 4.2 The Mayor and Cabinet need to have due regard to the Chief Finance Officer's advice in relation to the levels of reserves and balances in accordance with the Authority's Reserves and Balances Policy.

5 Legal Implications

- 5.1 Under the Accounts and Audit (Coronavirus) Amendment Regulations 2020 (SI 2020/404) the statutory audit deadline for all local and combined authorities was extended from 31 July to 30 September 2021, the Combined Authority is required to publish their draft accounts by 31 July 2021. The Authority is required to agree a balanced budget annually and to monitor that budget throughout the year. The Authority must also make provision for an adequate level of un-earmarked reserves. It is also required to ensure that good financial governance arrangements are in place.
- 5.2 The Combined Authority is required to agree a balanced budget annually and to monitor performance against that budget throughout the year. The Combined Authority must also make provision for an adequate level of un-earmarked reserves. It is also required to ensure that good financial governance arrangements are in place.

6 Equalities Implications

- 6.1 There are no direct equalities implications arising out of the recommendations in this report.

7 Inclusive Economy Implications

- 7.1 There are no direct inclusive economy implications arising from the recommendations in this report.

8 Climate Change Implications

- 8.1 There are no direct climate change implications arising out of the recommendations in this report

9 Consultation and Engagement

- 9.1 The creation of the North of Tyne Combined Authority has been subject to significant and regional consultation. The 2020-21 budget was subject to wide consultation across the North of Tyne Region. The constituent authorities have been consulted directly on the production of the outturn statement.

10 Appendices

Appendix A: North East LEP 2020-21 Outturn and 2021-22 Budget Report

Appendix B: Invest North East England 2020-21 Outturn and 2021-22

11 Background Papers

28 January 2020 NTCA Cabinet Papers
28 May 2020 LEP Board Papers

12 Contact Officers

Janice Gillespie, Interim Chief Finance Officer,
E-mail address: Janice.gillespie@northtyneside.gov.uk
Tel: 0191 6435701

13 Glossary

| | |
|----------------|---|
| AEB | Adult Education Budget |
| INEE | Invest North East England |
| LA7 | 7 Tyne and Wear Local Authorities |
| NTCA | North of Tyne Combined Authority |
| North East LEP | North East Local Enterprise Partnership |

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North East Local Enterprise Partnership Board



27th May 2021

ITEM 6: Financial Outturn 2020/21; Update on 2021/22 Budget; and Illustrations for 2022/23 and 2023/24

1. Introduction

- 1.1 The purpose of this report is to provide an update to the Board on the final outturn revenue budget position for 2020/21, including the performance of the Enterprise Zone account, Local Growth Fund, the new Getting Building Fund and the North-East Investment Fund. A small revenue surplus of £0.010m was generated on the LEP's core revenue budget, compared with a surplus of £0.011m projected in the revised estimate for the year reported to the Board in January 2021. The outline was in line with what was projected with the LEP's General Reserve remaining at £0.613m.
- 1.2 This report also provides the Board with an update on the current financial year budget (2021/22), taking into account the outturn position for 2020/21 and provides an illustration for the following two financial years 2022/23 and 2023/24. This is in line with previous requests from the Board for a medium-term view of the North East LEP's revenue budget. The illustration for 2022/23 and 2023/24 reflects significant uncertainty around Government funding streams and presents only a core level of activity for that year. The budgets for these financial years will be updated as further announcements of additional funding streams are received. The 2021 LEP Review report will also be taken into account and incorporated into future years.

2. LEP 2020/21 Revenue Budget Outturn

- 2.1 The LEP core budget covers LEP operational activity and also management of the Local Growth Fund (LGF), Getting Building Fund (GBF), North East Investment Fund (NEIF) and Enterprise Zone (EZ) programmes. Table 1 provides; the original approved budget, revised forecast reported to the Board in January 2021 and the actual spend for the year, with further details explaining significant variations provided below.
- 2.2 The original North East LEP Board approved budget for 2020/21 (approved May 2020) comprised gross expenditure of £5.368m and gross income of £5.211m, therefore projecting a drawdown requirement from the LEP general reserve of £0.103m. The update to the Board in January revised the 2020/21 forecast expenditure to £7.097m and income to £7.108m, providing a forecast increase to reserves of £0.011m.
- 2.3 Actual total revenue expenditure in 2020/21 amounted to £6.345m, which is £0.752m lower than the January forecast. The actual income also saw a reduction of £0.752m, from £7.107m to £6.355m. Overall the LEP recorded a £0.010m surplus for the financial year, the same level as reported in January.

Table 1: North East LEP 2020/21 Outturn

| | 2020/21 TOTALS | | | | |
|---|---------------------------------------|---|--------------------|------------------------------|------------------------|
| | Revised Budget 2020/21 (May 20) | Revised Budget 2020/21 adjusted (Jan 2021) | 2020/21 Outturn | Carry Forwards to 2021/22 | Under/ (Over) Spend |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Employees | 3,104,000 | 3,240,000 | 2,980,793 | 288,058 | 41,172 |
| Premises | 190,000 | 207,000 | 213,086 | 0 | (6,086) |
| Communications | 250,000 | 250,000 | 260,534 | 0 | (10,534) |
| Transport LGF Monitoring | 20,000 | 26,000 | 24,726 | 0 | 1,274 |
| Growth Hub Operational Costs (L6019) | 74,000 | 74,000 | 72,535 | 0 | 1,465 |
| Invite (Horizon 2020) Operational Costs | 60,000 | 72,000 | 72,042 | 0 | (42) |
| Innovation Challenge - Covid | 0 | 464,000 | 150,506 | 313,495 | 0 |
| Other Operational Costs | 600,000 | 636,000 | 365,133 | 70,023 | 200,844 |
| North East Ambition Operational Costs (ESF) | 165,000 | 144,000 | 132,022 | 0 | 11,978 |
| North East Ambition Operational Costs (LGF) | 0 | 0 | 302,077 | 0 | (302,077) |
| Growth Hub Covid-19 & Cluster Management | 290,000 | 309,000 | 280,798 | 0 | 28,202 |
| Peer Networks | 0 | 510,000 | 253,032 | 0 | 256,968 |
| Covid Intelligence | 0 | 40,000 | 44,975 | 0 | (4,975) |
| LGF High Potential Operational | 189,000 | 164,000 | 147,771 | 0 | 16,229 |
| EU Transition Advisory Resource & Business Engagement | 0 | 0 | 89,227 | 0 | (89,227) |
| Brexit Policy Work Programme (Strategy & Policy) | 109,000 | 73,000 | 41,265 | 31,735 | 0 |
| Mine Energy White Paper | 0 | 45,000 | 44,875 | 0 | 125 |
| Energy LGF | 23,000 | 23,000 | 23,000 | 0 | 0 |
| Feasibility Study (AHSN + LGF) | 0 | 33,000 | 33,090 | 0 | (90) |
| Skills Other Operational Costs (EY)(L6040) | 109,000 | 135,500 | 12,024 | 85,840 | 37,636 |
| CEC operational (L6030) | 0 | 65,255 | 65,255 | 255,979 | (255,979) |
| CITE Primary (L6045) | 0 | 69,745 | 49,551 | 20,193 | 1 |
| DfE | 0 | 52,000 | 13,806 | 38,194 | 0 |
| DfE One Vision | 0 | 41,500 | 57,067 | 144,549 | (160,116) |
| Inward Investment Contribution | 140,000 | 140,000 | 140,000 | 0 | 0 |
| EZ NEIF Costs | 0 | 0 | 125,636 | 0 | (125,636) |
| LGF Project Management | 45,000 | 78,000 | 173,335 | 0 | (95,335) |
| Getting Building Fund Project Management | 0 | 205,000 | 176,748 | 0 | 28,252 |
| GROSS EXPENDITURE | 5,368,000 | 7,097,000 | 6,344,910 | 1,248,065 | (425,953) |
| LEP Core & Strategy Grant from DCLG | (500,000) | (500,000) | (500,000) | (70,023) | 0 |
| GBF Capacity Funding | (100,000) | (100,000) | (100,000) | 0 | 0 |
| Local Authority Match Contributions | (250,000) | (250,000) | (250,000) | 0 | 0 |
| CORE FUNDING | (750,000) | (850,000) | (850,000) | (70,023) | 0 |
| Local Growth Fund (programme mgmt costs) | (768,000) | (747,000) | (769,291) | 0 | 22,291 |
| Getting Building Fund | 0 | (357,000) | (296,201) | 0 | (60,799) |
| Interest Generated on Funds | (140,000) | (140,000) | (191,163) | 0 | 51,163 |
| Growth Hub | (410,000) | (410,000) | (410,000) | 0 | 0 |
| Growth Hub Covid-19 | (290,000) | (370,000) | (248,211) | 0 | (41,789) |
| Growth Hub Cluster Management | (80,000) | 0 | (64,203) | 0 | (15,797) |
| Peer Networks | 0 | (510,000) | (273,032) | 0 | (236,968) |
| Enterprise Adviser grant - CEC | (239,000) | (279,000) | (302,277) | (34,354) | 57,631 |
| Enterprise Adviser grant - CEC (Non-salary) | 0 | (254,756) | (65,255) | (255,979) | 66,478 |
| CITE Primary | 0 | (69,744) | (49,551) | (20,193) | 0 |
| Invite (Horizon 20/20) | (74,000) | (74,000) | (85,547) | 0 | 11,547 |
| Innovation Challenge Covid | 0 | (464,000) | (150,506) | (313,495) | 0 |
| Innovation Development funding (LGF) | 0 | (79,000) | (79,000) | 0 | 0 |
| ERDF + Digital Catapult | (80,000) | (36,000) | (30,435) | (5,565) | 0 |
| Academic Health Science Network (AHSN) | 0 | (44,500) | (40,193) | (7,307) | 3,000 |
| NEIF Contribution to cover activity costs | (124,000) | (124,000) | (173,144) | 0 | 49,144 |
| EZ Contribution to cover activity costs | (139,000) | (139,000) | (168,619) | 0 | 29,619 |
| Education Challenge | (144,000) | (144,000) | (29,217) | (115,056) | 273 |
| European Social Fund North East Ambition | (618,000) | (547,000) | (725,778) | 0 | 178,778 |
| LGF match North East Ambition (ESF project) | (389,000) | (314,000) | (302,378) | 0 | (11,622) |
| EY Foundation | (139,000) | (165,500) | (12,024) | (85,840) | (67,636) |
| DfE | (12,000) | (87,000) | (25,412) | (61,588) | 0 |
| LA Contributions re ESIF Co-ordinator | (20,000) | (20,000) | (17,735) | 0 | (2,265) |
| LGF High Potential | (237,000) | (211,000) | (189,256) | 0 | (21,744) |
| EU Transition Advisory Resource | 0 | 0 | (25,304) | 0 | 25,304 |
| EU Transition Business Engagement | 0 | 0 | (83,704) | 0 | 83,704 |
| Brexit Policy Work Programme | (146,000) | (146,000) | (98,521) | (53,285) | 5,806 |
| Energy Strategy BEIS / TVCA, RCEF, OREC | (25,000) | (25,000) | (11,659) | (80,832) | 67,491 |
| DFE - One Vision | (11,000) | 0 | (129,696) | (144,549) | 274,245 |
| Contribution Pension - NTCA | (140,000) | (147,000) | (128,799) | 0 | (18,201) |
| Other Income | (10,000) | (23,000) | (43,643) | 0 | 20,643 |
| EXTERNAL FUNDING | (4,461,000) | (6,257,500) | (5,505,387) | (1,178,042) | 425,930 |
| GROSS INCOME | (5,211,000) | (7,107,500) | (6,355,387) | (1,248,065) | 425,930 |
| NET BUDGET | 157,000 | (10,500) | (10,477) | 0 | (23) |
| BROUGHT FORWARD BALANCE | (603,000) | (603,000) | (603,000) | | |
| Use or (Contribution) LEP Reserves | 103,000 | (10,500) | (10,477) | | |
| EZ Contribution | 54,000 | | | | |
| CARRY FORWARD BALANCE | (500,000) | (613,500) | (613,477) | | |

2.4 Expenditure

Expenditure of £6.345m was £0.977m higher than the original budget for the year, this was mainly due to the additional activities that the LEP undertook during year such as the supplemental Growth Hub activity in relation to Covid-19, Cluster Management and Peer Network. Additional LGF activity on the Innovation Challenge Covid-19 and operational activity across Skills programmes. The main areas of expenditure variation since the last update to the Board are noted below.

2.5 Employee Costs

Employee expenditure totalled £2.981m, which is £0.259m lower than forecast. This underspend is due to savings arising from vacant posts held at various points throughout the year and a saving on allowances due to the impact of the pandemic ceasing any travel for work purposes.

2.6 Premises

This expenditure has increased slightly (£0.006m) above the budget due to additional cleaning requirements to ensure any staff requiring to enter the office during the lockdown period were able to do so in as safe an environment as possible.

2.7 Communications

The Communications expenditure for the year was £0.260m, offset by an income stream of £0.013m for work carried out on behalf of the Invest North East and the Growth Hub Team.

2.8 Transport LGF Monitoring and Evaluation

The recharge from the regional transport team for LGF transport project support was £0.025m. This reflects the majority of LGF transport schemes having progressed through appraisal and requiring less support.

2.9 Growth Hub Operational Costs

Non-salary costs in delivery of the Growth Hub initiatives increased during the year following an additional grant award from BEIS to provide EU exit readiness advice (£0.089m) and supplemental funding in relation to Covid-19 and Cluster Management (£0.280m). The increase in operational spend was matched by the increase in grant of (£0.109m) and (£0.312m) respectively which also funded a small proportion of salary expenditure.

2.10 Other Operating Costs

Expenditure on operational activity across the various funding streams totalled £2.890m, with additional commitments against the budget of £1.248m to carry forward into 2021/22 to continue delivery in relation to grant funded activity. Key areas of operational spend include expenditure in relation to the new GBF and costs associated with NEIF and EZ support/appraisal activity including work carried out on the Freeport bid. In addition to new funding streams associated with Covid-19 including the supplemental Growth Hub and Peer Networks funding. All of this activity was funded by external income sources or fund drawdowns.

2.11 Income

The 2020/21 outturn position reflected gross income of £6.355m with an additional £1.248m carried forward to 2021/22 to continue delivery. The high level of funding carried over to 2021/22 reflects the impact of Covid-19 on delivery, with the actual gross income outturn position reduced by £0.753m against the revised budget. Although actual income received including the carry forward commitments exceeded the revised budget by £0.495m. There is an increasing number of core and specific income streams (over 32) that fund the activity of the LEP these are summarised in Table 1 above. The main variations since the last update to the Board are detailed below.

2.12 Local Growth Fund (LGF) and Getting Building Fund (GBF) Programme Management Costs

The drawdown from LGF and GBF to support programme management activity was £0.769m and £0.296m respectively which collectively is slightly lower than forecast (£0.039m). The project management costs include a contribution towards a new project management system being implemented by North of Tyne Combined Authority which the North East LEP will benefit from in future years in relation to the streamlining of grant claim and monitoring processes.

2.13 Local Growth Fund and Getting Building Fund Interest

The annual LGF and GBF grant allocations paid by government in full at the beginning of the financial year attracts sizable interest sums which in 2020/21 was used to fund the Invest North East England (INEE) team. The £0.190m interest generated is a further increase of £0.051m on the Revised Estimate due to an improved cash flow position.

2.14 Growth Hub

As noted at section 2.9 the original annual £0.410m Growth Hub allocation was increased by £0.370m supplementary funding in relation to Covid-19 and cluster management and by £0.109m EU Transition Readiness grant. In addition to this £0.510m Peer Network grant funding was received later in the year, activity and income was in line with the revised estimate for the year.

2.15 North East Ambition – Europeans Social Fund (ESF) and LGF

Grant funding in respect of North East Ambition programme was £1.028m, £0.167m higher than the revised budget. The utilisation of the skills-based funding sources into this project have been drawn down in year to maximise external grant.

2.16 Careers Enterprise Company (CEC)

£0.367m of grant funding was applied in 2020/21, with £0.290m carried forward for delivery into 2021/22, this was £0.124m greater than the revised estimate.

2.18 North East Investment Fund (NEIF) & Enterprise Zone (EZ) Contribution

As previously agreed by the Board, activity relating to the delivery and management of the EZ and NEIF initiatives is funded via a drawdown from the respective Enterprise Zone Business Rates account and NEIF Repayments' reserve. The drawdown from the EZ reserve to fund costs in 2020/21 amounted

to £0.168m and NEIF repayments reserve charge for 2020/21 was £0.173m. The increase in the NEIF drawdown links to CPIF fund development and appraisal activity carried out in the final quarter and officer time involved in developing the Freeport bid within a tight timescale. The increase in the income to fund EZ activity reflected additional activity to update income projections for future years and legal and finance work needed to complete EZ funding agreements.

2.19 DfE One Vision Grant

DfE One Vision Grant of £0.274m was received in year, with £0.144m being carried into 2021/22 for continuation of delivery.

3. North East LEP Revenue Balances

- 3.1 Table 2 below shows the North East LEP revenue balance as at 31st March 2021. The reserve has increased by £0.010m over the year to £0.613m.

Table 2 – Revenue Balances

| Budget Area | Opening Balance £000 | Movement in 2020/21 £000 | Closing Balance £000 |
|--------------------|---------------------------------|---|---------------------------------|
| LEP Reserve | 603 | 10 | 613 |

4. North East Enterprise Zones

- 4.1 Round 1 Enterprise Zones are located across four local authority areas: Newcastle, North Tyneside, Northumberland and Sunderland. Business rates growth generated on these designated sites accrues to the benefit of the North East LEP for a 25-year period, 2020/21 was the eighth year of the Round 1 zones' life.
- 4.2 In April 2017 these were joined by a further ten sites across, Durham, Gateshead, Newcastle, Northumberland, South Tyneside and Sunderland with the International Advanced Manufacturing Park (IAMP) site launched on the 1st April 2018 to complete the coverage. With the exception of the IAMP, it is the fourth year of the round 2 sites life. Ramparts (Northumberland) and Follingsby North (Gateshead) have generated Business Rates Growth Income during 2020/21, as the result of occupation on parts of the sites requiring no capital investment to enable occupation to occur.
- 4.3 Table 3a below provides a summary of the Enterprise Zone account over the last three years and a summary of the position for 2020/21 compared with a budget reported in January 2021. Business Rate Income for 2020/21 and interest amounted to £2.614m and was higher than the budget of £2.4m reported in May 2020. Income was slightly lower than the revised estimate reported in January 2021 of £2.719m mainly because new buildings on the Airport site and the IAMP site had not been issued with rateable values during

the year. The income from these two buildings estimated for the time that they were open in 2020/21 is estimated at c £0.34m and should be received in 2021/22. The income figure for North Tyneside* is an estimate, which will be confirmed shortly. Expenditure was also below the budget, which resulted in an increased surplus for the year of £0.645m and a cumulative surplus of £3.692m.

Table 3a – Enterprise Zone Account

| | Actual 2017/18 £000 | Actual 2018/19 £000 | Actual 2019/20 £000 | Budget 2020/21 £000 | Actual 2020/21 £000 | Variance £000 |
|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|------------------|
| Business Rates Income | | | | | | |
| <u>Round 1</u> | | | | | | |
| - Newcastle – North Bank | 437 | 501 | 508 | 483 | 537 | 54 |
| - North Tyneside – Swans | 160 | 194 | 160 | 138 | 180* | 42 |
| - Northumberland- Blyth sites | 321 | 334 | 308 | 309 | 334 | 25 |
| - Sunderland – A19 Corridor | 708 | 750 | 752 | 754 | 628 | -126 |
| <u>Round 2</u> | | | | | | |
| - Durham - Jade | | | | 46 | 51 | 5 |
| - Gateshead - Follingsby | | | 242 | 217 | 255 | 38 |
| - Northumberland- Ramparts | | 40 | 40 | 38 | 34 | -4 |
| - Sunderland & South Tyneside - IAMP | | | | 667 | 581 | -86 |
| Total Rates Income | 1,626 | 1,819 | 2010 | 2,704 | 2,600 | -104 |
| Interest | 11 | 25 | 20 | 15 | 14 | -1 |
| Grant income | 30 | | | | | |
| Total Income | 1,667 | 1,844 | 2030 | 2,719 | 2,614 | -105 |
| Expenditure | | | | | | |
| -NEIF/LGF Loan repayments | 1,302 | 1,238 | 1,438 | 651 | 651 | 0 |
| -Other Financing Costs (including interest) | 0 | 235 | 258 | 1,450 | 1,154 | -296 |
| -Invest North East contribution | 148 | 71 | 66 | 170 | 65 | -105 |
| -Operating Costs | 112 | 100 | 128 | 150 | 99 | -51 |
| Total Costs | 1,562 | 1,644 | 1,890 | 2,421 | 1,969 | -452 |
| Annual Surplus | 105 | 200 | 140 | 298 | 645 | 347 |
| Cumulative Surplus | 2,707 | 2,907 | 3,047 | 3,345 | 3,692 | 347 |

4.4 Enterprise Zone Account 2021/22 – 2023/24 Estimates

A major refresh of the estimates of income, costs and surplus has just been concluded and is the subject of a separate report on the agenda. Headline figures for the next three years are shown below alongside the 2020/21 outturn. There is a notable increase in income from 2022/23 as a large building on the Follingsby EZ site become operational.

Enterprise Zone Account 2020/21 – 2022/23 Estimates

Information about estimated Business Rate Income is being collected from councils with a view to an update report being presented to the Investment Board and the LEP Board in July. The estimates for 2020/21 to 2022/23 that were provided in July 2019 are summarised below alongside the Actual for 2019/20. These estimates will be updated at a future meeting.

Table 3b Enterprise Zone Account 2020/21 – 2023/24

| | Actual 2020/21 £m | Estimate 2021/22 £m | Estimate 2022/23 £m | Estimate 2023/24 £m |
|--|-------------------------|---------------------------|---------------------------|---------------------------|
| Business Rates Income | 2.6 | 3.1 | 6.9 | 8.4 |
| Expenditure | | | | |
| -Capital Financing Costs | 1.8 | 2.2 | 3.3 | 5.6 |
| -Revenue Costs | 0.2 | 0.2 | 0.2 | 0.2 |
| Annual Surplus | 0.6 | 0.6 | 3.4 | 2.6 |
| Cumulative Surplus (before use) | 3.7 | 4.3 | 7.7 | 10.3 |
| -Provision to support LEP costs | | -0.5 | -0.5 | -0.5 |
| -New Project Development Funding | | -1.3 | -2.0 | |
| - Performance Incentive Reward | | | | -0.9 |
| Residual Balance | 3.7 | 2.5 | 3.4 | 3.6 |

- 4.5 There is uncertainty about future rates income which should be addressed once the Government Review of Business Rates is concluded in Autumn 2021. The table shows a provision to support annual LEP costs of £0.5m a year, although this report indicates that this may not be needed in full over the next two years but should be carried over to future years to manage budget risk. It also shows a new proposal to allocate funds to help develop new projects on the strategic project pipeline to help them be more 'shovel ready'. A Performance Incentive Reward payment is also shown from 2023/24 in recognition of the significant over achievement of income from the Follingsby EZ site.
- 4.6 Options for the use of this potential EZ surplus over the medium term will be explored in more detail over the next six months or so and will be reported back to the LEP Board alongside the outcome of the Government's Review of Business Rates.

5. Local Growth Fund and North-East Investment Fund

- 5.1 The LGF programme delivered over £19.0m of activity during 2020/21 across the SEP themes making full use of all LGF grant available for the year and cumulatively. This is very good performance and further details are explained in more detail in the separate report on the LGF Programme.
- 5.2 The NEIF initial £55m allocation was made up of £25m Growing Places and £30m Regional Growth Funding. The Regional Growth Funding project had originally tighter restrictions on the use of the funding, however, the North East LEP has worked with MHCLG on closing the original RGF programme and releasing this funding to be used to support the Commercial Property Development Fund (CPIF). The NEIF supports a number of projects through loans which are now making repayments, recycling the funding available for reinvestment in new projects and other opportunities.

- 5.3 An advance of £0.500m was allocated from the NEIF to the Crowdfunder Project to provide support to micro businesses who had been affected by the Pandemic. A further short-term loan advance from the NEIF of up to £0.500m to North East Businesses Services Ltd (NBSL) to assist in cashflow pending payment of European Grant funding on one of their key programmes
- 5.4 A commitment of up to £1.208m approved for the North-East Mining Institute in 2019/20 with £0.786m paid out in 2020/21. The funding for the Mining Institute is to support the restoration and refurbishment of the Mining Institute and the regeneration of its importance as a regional focus for the economic and social development of the North East Region as the Common Room of the Great North. The aim is to achieve this through engagement with the business community providing education and enrichment for young people, promoting skills and development for the region's workforce, and engaging the public with the rich heritage of the building.
- 5.4 Notable loan repayments during the year activity included full repayment of both loans to CUOS Ltd for Stellium Data Centre (Cobalt); In April we received a substantial repayment of £0.350m in respect of the Loan to the Durham Cricket Club, with the final outstanding balance of £0.095m being repaid later in the year. Durham University commenced the quarterly repayments of its loan in accordance with the repayment schedule following an approved 5-year repayment holiday.
- 5.5 The investment into the Integra 61 scheme will support with the site infrastructure costs to unlock a 204-acre strategic employment and housing site near Bowburn, County Durham, leading to the creation of over 3,600 jobs (and over 1000 construction jobs) and over £160m of follow-on investment on site.
- 5.6 At the year-end some £20.3m is available to support new projects. This is envisaged to be used to fund Inward Investment Activity and to support the proposals for a new Commercial Property Investment Fund, which has been developed during the year and is expected to be presented for approval later this year.
- 5.7 As part of the response to the COVID-19 outbreak, action has been taken to protect the NEIF as it currently stands, by temporarily suspending receipt of new individual project proposals for business growth based upon the existing investment criteria at this time. With markets particularly unpredictable, limits the ability to complete accurate due diligence on project proposals for business development loans. The availability of NEIF based upon existing investment criteria will cease until the review of NEIF operations is completed to determine more appropriate criteria for new economic conditions post COVID.
- 5.8 In addition, to support projects within the programme, opportunity is available to suspend loan repayment within an agreed time frame in line with Government loan deferral schemes. This is being made available upon request and may be extended for a further period on a case by case basis. This has been exercised in relation to the Boiler Shop who have now re-commenced their regular repayments and the World Wheel Company.

6 LEP Revenue Budget 2021/22 to 2023/24

- 6.1 The budget position for 2021/22 was reported to the North of Tyne Combined Authority (NTCA) as the accountable body for the North East LEP on 26 January 2021, and the North East LEP Board on 28 January 2021. The proposed budget was approved by both Boards with no issues identified. This report includes the latest information about the 2021/22 budget taking account of the outturn for 2020/21 and will be reported to the North of Tyne Combined Authority (NTCA) Cabinet on 8 June 2021, as accountable body for the North East LEP.
- 6.2 Table 4 provides a summary of the three-year revenue budget for the North East LEP showing financial years 2021/22, 2022/23 and 2023/24. The explanatory notes from sections 7 to 8 provide further information.
- 6.3 Over the three years, if no additional income is identified the costs are estimated to exceed the available grant and core contributions income by up to £0.142m in 2021/22; £0.523m in 2022/23 and £0.875m in 2023/24. This deficit is funded from the assumed surplus on the EZ account in 2021/22 (contribution of £0.142m), 2022/23 (contribution of £0.522m) and 2023/24 (contribution of £0.835m) using the balance of EZ funding not fully utilised in 2021/22 to support the 2023/24 budget, with an expectation of savings or additional income generation of £0.040m on the LEP Budget in 2023/24 to fund the balance. Funding support from the EZ account has previously been agreed by the Board. This enables the potential risk of not securing additional income to be managed.
- 6.4 In November 2014, the Board agreed that Enterprise Zone Business Rates Growth Income (EZ BRGI) surplus of up to £0.500m per annum could be utilised to support the revenue budget if required. To date there has not been a requirement to use this facility and therefore in effect saving £2.500m of potential spend from the EZ account. However, due to the anticipated drop in funding and core funding potentially remaining fixed at the same level, coupled with the increased salary costs due to pay increment commitments it is anticipated that £0.522m will be required from the EZ BRGI in 2022/23 and a further £0.835m (as explained in 6.3 above) in 2023/24 to maintain a LEP Reserve balance of £0.500m at 31st March 2024.
- 6.5 There are active funding bids which if successful will provide additional income and reduce the potential drawdown against the EZ account in both years, which has been the case in preceding years and has to date been a successful approach.
- 6.6 The LEP manages the uncertainty of funding by using fixed term staffing contracts and by being able to reduce other operating costs to reflect the available funding streams; and by the availability of reserves and other funds which it can draw on to support activity, such as the use of the agreed EZ contingency contribution, which is illustrated in table 3 above. The opportunity to draw on the EZ reserve, if necessary, helps compensate for the uncertainty of other income streams. In recent years, this contingency has not been called upon as other income streams have been confirmed or new income streams have been identified.

Table 4: North East LEP Revenue Budget and Three-Year Forecast

| | 2021/22 Indicative Budget (Jan 2021) | 2021/22 Base Budget | 2022/23 Base Budget | 2023/24 Base Budget |
|---|---|------------------------|------------------------|------------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Employees | 3,533,000 | 3,740,626 | 3,556,692 | 2,698,234 |
| Premises | 207,000 | 225,180 | 207,000 | 207,000 |
| Communications | 250,000 | 250,000 | 250,000 | 200,000 |
| Growth Hub Operational Costs | 60,000 | 249,762 | 183,665 | 183,665 |
| Innovation Challenge Covid | 0 | 313,495 | 0 | 0 |
| Other Operational Costs | 600,000 | 670,023 | 600,000 | 500,000 |
| North East Ambition Operational (ESF) 1 | 192,000 | 144,000 | 0 | 0 |
| North East Ambition Operational (ESF) 2 | 0 | 192,463 | 175,285 | 81,836 |
| Growth Hub Cluster Management | 222,000 | 85,387 | 0 | 0 |
| Peer Networks | 0 | 160,000 | 160,000 | 160,000 |
| Made Smarter | 0 | 217,007 | 217,007 | 217,007 |
| LGF High Potential Operational | 99,000 | 0 | 0 | 0 |
| Brexit Policy Work Programme | 0 | 84,521 | 54,497 | 0 |
| Trade and Export Strategy | 0 | 46,000 | 0 | 0 |
| Local Authority Delivery (LAD 2) | 0 | 7,680 | 0 | 0 |
| Energy Research Projects | 0 | 37,500 | 0 | 0 |
| Energy Academy | 0 | 40,000 | 0 | 0 |
| Skills Operational CEC, EY CITE | 10,000 | 713,946 | 168,788 | 9,847 |
| Inward Investment Contribution | 140,000 | 140,000 | 0 | 0 |
| EZ NEIF Costs | 0 | 404,558 | 94,584 | 94,584 |
| LGF Project Management | 55,000 | 51,000 | 22,000 | 27,000 |
| Getting Building Fund Project Management | 94,000 | 132,962 | 61,382 | 25,382 |
| GROSS EXPENDITURE | 5,462,000 | 7,906,109 | 5,750,901 | 4,404,555 |
| LEP Core & Strategy Grant from DCLG | (500,000) | (500,000) | (500,000) | (500,000) |
| LEP/GBF Capacity Funding | 0 | 0 | 0 | 0 |
| Local Authority Match Contributions | (250,000) | (250,000) | (250,000) | (250,000) |
| CORE FUNDING | (750,000) | (750,000) | (750,000) | (750,000) |
| Local Growth Fund (Programme Mgmt) | (447,000) | (453,500) | (240,000) | (157,800) |
| Getting Building Fund (Programme Mgmt) | (298,000) | (319,596) | (195,604) | (35,382) |
| Interest Generated on Funds | (140,000) | (140,000) | (110,000) | (70,000) |
| Growth Hub | (780,000) | (780,000) | (700,000) | (700,000) |
| Growth Hub Cluster Management | 0 | (85,387) | 0 | 0 |
| Peer Networks | (100,000) | (410,000) | (410,000) | (410,000) |
| Enterprise Adviser grant - CEC | (279,000) | (616,692) | (248,546) | 0 |
| Innovation Challenge Covid | 0 | (313,495) | 0 | 0 |
| ERDF + Digital Catapult | 0 | (41,565) | (36,000) | 0 |
| Academic Health Science Network (AHSN) | (76,000) | (47,307) | (40,000) | (40,000) |
| NEIF Contribution to cover activity costs | (110,000) | (418,000) | (110,000) | (110,000) |
| EZ Contribution to cover activity costs | (110,000) | (96,000) | (87,000) | (89,000) |
| Education Challenge | 0 | (115,056) | 0 | 0 |
| North East Ambition (ESF) | (1,310,000) | (1,377,739) | (1,144,517) | (505,123) |
| LGF match North East Ambition (ESF project) | (43,000) | 0 | 0 | 0 |
| EY Foundation | 0 | (85,840) | 0 | 0 |
| DfE | (121,000) | (136,588) | (75,000) | (75,000) |
| LA Contributions re ESIF Co-ordinator | (20,000) | (20,000) | 0 | 0 |
| LGF High Potential | (148,000) | (40,708) | 0 | 0 |
| Brexit Policy Work Programme | 0 | (144,185) | (90,900) | 0 |
| Trade and Export - World Wide Chamber | 0 | (46,000) | - | 0 |
| Made Smarter | 0 | (288,000) | (288,000) | (288,000) |
| Energy Accelerator | 0 | (142,500) | (142,500) | 0 |
| Energy Strategy BEIS/TVCA, RCEF, OREC Misc. | (189,000) | (191,832) | (169,708) | (77,368) |
| Energy Research Projects | 0 | (37,500) | 0 | 0 |
| Energy Academy | 0 | (40,000) | 0 | 0 |
| Local Authority Delivery (LAD 2) | 0 | (7,680) | 0 | 0 |
| DFE - One Vison | 0 | (350,549) | (130,500) | 0 |
| Contribution Pension - NTCA | (156,000) | (168,060) | (160,051) | (121,421) |
| Other Income | (100,000) | (100,000) | (100,000) | (100,000) |
| EXTERNAL FUNDING | (4,427,000) | (7,013,779) | (4,478,327) | (2,779,094) |
| GROSS INCOME | (5,177,000) | (7,763,779) | (5,228,327) | (3,529,094) |
| NET BUDGET | 285,000 | 142,330 | 522,574 | 875,462 |
| Increase in LEP Reserve/(Contribution from Reserve) | (113,000) | | | |
| EZ Reserve (Contribution) | (172,000) | (142,330) | (522,575) | (835,095) |
| LEP savings/LEP income | | | | (40,367) |
| B/F LEP RESERVE | (613,000) | (613,477) | (613,477) | (613,477) |
| C/F LEP RESERVE | (500,000) | (613,477) | (613,477) | (613,477) |

7. Adjustments to 2021/22 Original Budget

- 7.1 The overall budget for 2021/22 presented to the Board in January 2021, indicated a £5.462m gross expenditure budget, funded by a range of Government grant income sources; a £0.250m core contribution from the seven local authorities; other secured contributions and interest on revenue balances.
- 7.2 The latest 2021/22 Budget position is showing £7.906m of gross expenditure. The increase in gross expenditure is due to carry forward grant funding from 2020/21, approx. £1.248m; new funding streams for Made Smarter (£0.288m); North East Ambition second tranche (£1.378m) skills funding across varying funding streams (£0.817m) and Growth Hub supplemental funding all of which will require additional capacity to deliver.
- 7.3 The employee cost budget has risen from £3.533m to £3.741m. This includes a 5.2% superannuation cost, which is fully funded by an income contribution from NTCA, as part of the guaranteed funding for pension costs set out in the accountable body agreement. The key contributor to the increase in employee expenditure was the extension of key funding streams, such as Growth Hub Supplemental and ESF, providing additional capacity in the Skills Team and Business Growth Team.
- 7.4 There has been an increase in EZ and NEIF operational costs primarily in relation to set-up delivery costs associated with the launch of the new Commercial Property Investment Fund (CPIF).
- 7.5 Gross Income has increased to £7.763m from £5.177m (£2.608m), £1.200m of this is in relation to specific funding streams carried forward from 2020/21 due to the pandemic hampering activity during 2020/21. Additional funds have been secured in relation to Made Smarter (£0.288m) and the Energy Acceleration Programme (£0.142m). NEIF funding is £0.300m higher than in the January budget due to work on the CPIF.
- 7.6 The gross income figure includes the contribution from NTCA (£0.168m) to fully recover the cost of the superannuation in year.
- 7.7 The LGF and BGF programme management charge has increased slightly (£0.028m) from the revised budget position.
- 7.8 While the latest budget projection for 2021/22 is indicating a call on the Enterprise Zone surplus of £0.142m, this has reduced from £0.285m reflected in the January budget position and this position should reduce further as funding assumptions are firmed up. The intention will be to manage costs and income to try to avoid using reserves at the year end.

8. Budget illustrations in Future Years

- 8.1 Indicative budget figures are also shown in Table 4 for the financial years 2022/23 and 2023/24.

8.2 Employees

The employee expenditure budget shows a reduction in 2022/23 of £0.184m due to key funding streams only confirmed for part way through 2022/23 and some funding ceasing entirely. The new stream of ESF North East Ambition funding and additional Growth Hub funding has reduced the impact of this. If further additional funding is secured, there is the potential for continued activity and therefore higher employee costs are likely.

The NECA pension fund enabled the LEP to benefit from a 0% employer superannuation contribution rate which provided a significant budget saving. The change in accountable body status to NTCA, has meant an employer superannuation contribution rate of 5.2% is now applicable, however, in order to maintain the saving benefit to the LEP the NTCA are providing a contribution at the same level to achieve a net budget impact.

A staff turnover allowance of 3% has been factored into the employee budget for all three financial years, which is considered prudent given experience in recent years.

8.3 Premises

The LEP have negotiated a 5-year lease with a 3-year break clause within St James Gate. The accommodation costs are fixed until the break in 2022. Despite minimal use of the office accommodation during the pandemic the office charge still remains at the same level.

8.4 Communications

The proposed Communications budget for 2021/22 onwards represents a continuation of the budget agreed by the Board at its meeting in March 2017 in 2021/22, and 2022/23 with a slight reduction of (£0.050m) in 2023/24 in reflection of the lower staff and activity levels. Key aspects of the budget include development of the communications' activity related to delivering the SEP and Covid – 19 recovery plus the continuation of essential PR & Media support.

8.5 Growth Hub Operational Costs

The continuation of £0.780m Growth Hub funding in 2021/22 has been confirmed and there are informal indications that it will continue in future years.

8.6 Other Operating Costs

The operational budget for 2021/22 is consistent with previous years at £0.600m. There is an additional £0.070m in respect of unspent operational budget in 2020/21. This covers core activities plus an operational budget to deliver the SEP programmes. The budgets for 2022/23 and 2023/24 have been reduced slightly to reflect that some projects will have completed.

8.7 Inward Investment Contribution

The agreed allocation of £0.140m per annum is included in the budget for 2021/22. This is dependent on the continuation of match funding provided by the seven local authorities. This has previously been funded from interest on the capital funds' account. Options to continue this level of investment to INEE post 2021/22 will need to be considered in light of the overall LEP budget.

8.8 Income

8.9 LEP Core Funding & Strategy Grant

Funding of £0.500m is expected to continue over the medium term although it is only confirmed by Government in the Spring of the calendar year to which it relates. The Local Authority Match Contribution requirement of £0.250m will be provided in equal 1/7th shares by the 7 Local Authorities that are members of the North East LEP for 2021/22. It is considered on an annual basis and is expected to continue.

8.10 Local Growth Fund (LGF)

As previously agreed by the Board, a 2.5% top-slice of the Local Growth Fund allocation is available to support the delivery of the programme, primarily LEP team staffing costs. Although the LGF programme officially ends in March 2021, by using funding SWAPs, revenue funds will be available in 2021/22 and 2022/23 to support extended activity. As the programme reaches conclusion there has also been a reduction in qualifying expenditure which explains the decrease between years. The drawdown of the balance of the top-slice budget is profiled to be made as follows:

| <u>Table 5</u> | 2021/22 | 2022/23 | 2023/24 |
|--------------------------|----------------|----------------|----------------|
| | £'000 | £'000 | £'000 |
| LGF Programme Management | 453 | 240 | 157 |

8.11 Local Growth Fund Interest

As the annual LGF grant allocation is normally paid by Government in full at the beginning of the financial year, the cash balances held are able to attract interest (£190k in 2020/21). An estimate for each financial year is included within the budget, based on an assumption of the timing of LGF expenditure. The level of interest generated naturally reduces in line with the reducing LGF and BGF grant receipts in future years and also depends on the rate of interest that can be earned on fund balances. We will continue to seek to maximise the level of interest earned on cash flow balances and will update the estimate when the budget is reviewed during the year. It is unlikely that the continuation of c £140k of interest can be earned revenue balances in 2022/23 onwards and therefore the income budget has been reduced to £0.110m and £0.070m in 2022/23 and 2023/24 respectively.

8.12 Growth Hub Grant

The continuation of the Growth Hub grant funding has been confirmed for 2021/22 at £0.700m. It is expected to continue at least at the same level for the ensuing two years although we await confirmation and exact details.

8.13 Brexit Policy Work Programme

An additional contribution of £0.090m from both the NTCA and NECA is anticipated to roll out further work in respect of the EU Exit activities and the associated work programme.

8.14 Careers Enterprise Company (CEC)

CEC funding of £0.248m has been secured until August 2022, by maximising ESF funding this will enable the careers work to continue to August 2022. The figures included in the budget represent the expected grant drawdown in each of the respective years.

8.15 Energy Strategy Grants

The Energy Strategy includes a number of funding streams in 2021/22 to cover salary costs of the Energy Team. These include Tees Valley Combined Authority (TVCA)/BEIS (£0.014m) and TVCA/RCEF (£0.013m), contributions from Northumberland County Council – Rural (£0.021m), North of Tyne Combined Authority – Offshore Wind study (£0.010m), LGF Energy contribution provides (£0.058m), BEIS Local Energy Fund of £0.034m and miscellaneous contributions totalling (£0.036m) including £0.010m OREC, ERDF £0.025m and energy funding of £0.001m from 2020/21.

8.16 ERDF, Digital Catapult and Academic Health Science Network (AHSN)

Approximately £0.042m of ERDF and Digital Capital funds remain at the beginning of 2021/22. AHSN have agreed to provide funding for a Health and Life Sciences lead officer going forward (£0.040m).

8.17 NEIF / EZ contributions

Relates to support in these areas to cover the cost of the two dedicated fund programme managers and specific project appraisal support.

8.18 European Social Fund and LGF North East Ambition match funding

The LEP was successful in securing the second tranche of North East Ambition funding (NEA 2) totalling £2.726m to the end of 2023/24, with approximately £0.300m of LGF North East Ambition 1 remaining at the beginning of 2021/22. The budgeted drawdown for 2021/22 to 2023/24 is reflected within the budget. DfE One Vision funding continues in 2021/22 totalling £0.481m stretching into September 2022.

9. Recommendations**9.1 The Board is requested to:**

- i. Note the positive budget outturn position for 2020/21.
- ii. Note the 2021/22 budget.
- iii. Note the indicative 2022/23 and 2023/24 medium term budget illustrations for the North East LEP.
- iv. Note the potential requirement to drawdown up to £0.500m from the Enterprise Zone account in financial year 2022/23 and the potential requirement to drawdown £0.821m in 2023/24 utilising unused Enterprise Zone reserve in 2021/22 in line with a previous LEP Board approval.

Invest North East England 2020-21 Outturn and 2021-22 Budget.

Overview

Invest North East England (INEE) acts as the strategic inward investment service in the North East. It works collaboratively with its seven local authority partners, two combined authorities, and other key stakeholders such as the North East LEP, Department of International Trade, and Universities to increase the levels of inward investment flowing into the region from both UK-owned and foreign-owned businesses.

Operationally, INEE's work has a few key guiding principles:

- INEE's primary function is to focus on attracting new inward investment to the NE (rather than seeking to secure re-investment in existing companies).
- INEE works closely with, and on behalf of, all seven constituent authorities, its aim being to maximise levels of inward investment regardless of location in North East (a 'North East First' principle).
- INEE activity aims not to duplicate but add value to activities undertaken by the constituent local authorities.
- INEE engages in proactive lead generation activity which is sector-based, focussed on: Digital Technology; Energy; Life Sciences; Advanced Manufacturing; Financial, Professional and Business Services.
- INEE focus of activity will be on strategic inward investment projects which require regional-level promotion, coordination, and collaboration in the first instance, before a focus on a specific site.
- As far as possible, INEE will aim to attract investment opportunities which will lead to significant numbers of high-quality jobs (more and better Jobs).

Performance

After a very challenging year, dealing with the negative impact on inward investment of the COVID-19 pandemic and Brexit, the INEE Team is confident that 2021/22 will bring increased activity. The Team is involved in several very significant projects and is developing new approaches with partners in a number of areas including developing strategies to attract new north shoring and electrification projects, as well as significant offshore wind supply chain activity.

The Invest North East England Budget is supported from the seven Local Authority Contributions of £20,000 each (£140,000) and the North East LEP through interest on investment income (£140,000) and any balance, in 2020-21 £61,756 from North East Investment Fund (NEIF).

The Outturn for 20-21 and the proposed budget for 2021-22 is set out in Table 1 overleaf.

Table 1: Invest North East England 2020-21 Outturn and 2021-22 Budget

2020-21 Outturn and 2021/22 Budget Invest North East England

| Invest North East England (INEE) | 2020-21 Original Budget £ | 2020-21 Actual £ | 2020-21 Variance £ | 2021-22 Original Budget £ |
|---|--|---------------------------------|-----------------------------------|--|
| Expenditure | | | | |
| Salaries | 166,000 | 165,194 | (806) | 166,000 |
| Staff training | 2,000 | 0 | (2,000) | 2,000 |
| Travel Subsistence (Inc.International Travel) | 9,000 | 8,832 | (168) | 9,000 |
| Web, telecoms and computing | 8,000 | 1,999 | (6,001) | 8,000 |
| Marketing/Comms/Events | 100,000 | 40,840 | (59,160) | 100,000 |
| Membership Fees | 3,000 | 2,815 | (185) | 3,000 |
| Visit Hospitality costs | 7,000 | 30 | (6,970) | 7,000 |
| Professional Consultancy | 20,000 | 14,950 | (5,050) | 20,000 |
| Lead generation / representation | 110,000 | 71,290 | (38,710) | 110,000 |
| Research resource licenses | 25,000 | 24,000 | (1,000) | 25,000 |
| Propositions refresh | 10,000 | 17,500 | 7,500 | 10,000 |
| Total Expenditure | 460,000 | 347,450 | (112,550) | 460,000 |
| Income | | | | |
| Local Authority contributions | (140,000) | (140,000) | 0 | (140,000) |
| Private sector contributions to events | (10,000) | (6,306) | 3,694 | (10,000) |
| North East LEP | (310,000) | (201,144) | 108,856 | (310,000) |
| Total Income | (460,000) | 0 | 112,550 | (460,000) |



Subject: Scrutiny Annual Report
Report of: Overview and Scrutiny Committee
Portfolio: All

Report Summary

The report informs Cabinet of the work of NTCA's Overview and Scrutiny Committee in 2020/21.

Recommendations

Cabinet is recommended to note and make any comments on the Annual Scrutiny Report.

1. Background Information, Proposals and Timetable for Implementation

1.1 Effective scrutiny arrangements are an essential component of local democracy, enhancing accountability and transparency of decision making and enabling local councillors to represent the views of their constituents. The NTCA Overview and Scrutiny Committee was established to enable local councillors, on behalf of their communities, to scrutinise and challenge the Cabinet and the Mayor and to consider matters of strategic importance to residents within the North of Tyne area with a view to influencing their decisions.

1.2 The Centre for Public Scrutiny's (now known as the Centre for Governance and Scrutiny) Good Scrutiny Guide and the Statutory Guidance on Overview and Scrutiny Committees refer to an Annual Scrutiny Report. Whilst the context of the reference relates to local authorities and the importance of ensuring that Council and not just the Executive are aware of the work of Overview and Scrutiny, for Combined Authorities the Statutory Guidance states:

"In order to maintain awareness of scrutiny at the Combined Authority and provoke dialogue and discussion of its impact, the business of scrutiny should be reported to the Combined Authority board". (paragraph 11 j, page 10)

1.3 The Annual Scrutiny report is intended to illustrate to the public and Cabinet the Committee's approach to its work in 2020/21, how the committee has developed and the impact it has made.

1.4 The Overview and Scrutiny Committee agreed the Annual Report at its meeting on 23 March 2021 and for the report to be submitted to Cabinet in June 2021 for its information.

1.5 The Overview and Scrutiny Annual Report is attached as appendix 1.

2. Potential Impact on Objectives

The Overview and Scrutiny Committee can investigate, influence, report and recommend ways to strengthen policies, improve services, ensure best value for money and secure long-lasting positive benefits for local people.

3. Key Risks

3.1 There are no risks associated with the noting of this report.

4. Financial and Other Resources Implications

4.1 There are no financial or new resource implications arising from this report.

5. Legal Implications

5.1 The NTCA is required to have an Overview and Scrutiny Committee and a designated Scrutiny Officer. There are no direct legal implications arising out of the recommendations in this report.

6. Equalities Implications

6.1 There are no direct equalities implications arising out of the recommendations in this report. The Overview and Scrutiny Committee is mindful of its duty under the Public Sector Equality Duty and when undertaking scrutiny of a particular topic looks to see that any policy/event/decision eliminates discrimination, harassment and victimisation; advances equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and fosters good relations between persons who share a relevant protected characteristic and persons who do not share it; and also considers the implications for people from different socio-economic backgrounds/low pay as a protected characteristic.

7. Inclusive Economy Implications

7.1 There are no direct inclusive economy implications arising out of the recommendations in this report. The Overview and Scrutiny Committee is mindful of the NTCA's inclusive economy ambitions and the five characteristics of an inclusive economy: participation; equity; growth; stability and sustainability and when undertaking scrutiny of a particular topic looks to see that any policy/event/decision has taken these fully into account.

8. Climate Change Implications

8.1 There are no direct climate change implications arising out of the recommendations in this report. The Overview and Scrutiny Committee is mindful that the NTCA's and the three constituent Local Authorities have declared a Climate Emergency and when undertaking scrutiny of a particular topic looks to see that any policy/event/decision has taken climate change fully into account.

9. Consultation and Engagement

9.1 As the Overview and Scrutiny Annual report is a retrospective piece of work, consultation on its contents has been with the Chair and Vice Chair of the Committee and officers. It was agreed by the whole committee on 23 March 2021.

10. Appendices

10.1 Appendix 1 – NTCA Scrutiny Report 2020/2021.

11. Background Papers

NTCA Overview and Scrutiny Committee work programme 2020/21
[Statutory Guidance on Overview and Scrutiny in Local and Combined Authorities](#)
[Centre for Public Scrutiny \(now the Centre for Governance and Scrutiny\) Good Scrutiny Guide](#)
[The Combined Authorities \(Overview and Scrutiny Committees, Access to Information and Audit Committees\) Order 2017](#)

12. Contact Officers

Elizabeth Kerr, Principal Governance and Scrutiny Manager
Tel: 07966 743 800 email: elizabeth.kerr@northofityne-ca.gov.uk

13. Glossary

NTCA North of Tyne Combined Authority
CfPS Centre for Public Scrutiny



March 2021



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Foreword from the Chair



As the Chair of the North of Tyne Combined Authority Overview and Scrutiny Committee, it is a real privilege and honour to be able to introduce our Combined Authority's second Annual Scrutiny Report.

The Committee is composed of Elected Members from Newcastle City Council, North Tyneside Council and Northumberland County Council who, as Councillors, all come from and represent different communities. During the course of this year, we have seen some changes to Committee Membership.

On behalf of the Committee, I would like to place on record our thanks to former Members and Substitutes for their service. Also, I will take this opportunity to formally welcome new Members and Substitutes and wish them well in undertaking their roles. Details of the current Membership can be found within this report.

At the Combined Authority meeting in June 2020, our proposed Cabinet-Scrutiny Protocol was successfully endorsed and adopted by Cabinet. In line with the ethos of the Cabinet-Scrutiny Protocol, the Mayor and every Cabinet Member will have each attended at least one Overview and Scrutiny Committee meeting to present and undergo questioning on their portfolio areas by the end of the 2020/21 municipal year. The Vice Chair and myself have continued to hold our regular meetings with the Mayor which have been held via videoconferencing due to Covid-19 social distancing restrictions. As Chair, I have attended Cabinet meetings throughout the year to present recommendations from the Committee. Overview and Scrutiny holds the Mayor and Cabinet to account for the decisions and actions that affect the North of Tyne Combined Authority (NTCA) area. To be able to do this effectively, there undoubtedly needs to be a good working relationship between the two, the aforementioned cases demonstrate how we in NTCA have established and maintained this good working relationship.

Over the past 12 months, Covid-19 has been a standing agenda item and the Committee have received regular briefings, reports and presentations concerning regional recovery in response to the pandemic. I would like to thank our Director of Economic Growth, Dr. Henry Kippin for leading on this regional work and being fully committed to engaging with Overview and Scrutiny. By the end of the municipal year, the Working Group on Co-Production will have completed its report, this is our Committee's first dedicated working group.

I would like to thank our Scrutiny Officer, Elizabeth Kerr, along with our Democratic Services Officer, Lynn Camsell, for their continual support to the Committee, both Officers are a credit to the Combined Authority. I would also like to thank the current Members for their hard work undertaken over this year; especially my Vice Chair, Councillor Linda Wright for her dedication to the role.

Looking toward the future, the Overview and Scrutiny Committee will need to remain flexible with its Forward Plan while the pathway for regional recovery continues to emerge and become clearer. Additionally, the Combined Authority as a whole will need to be prepared to discuss governance implications, opportunities and risks should Her Majesty's Government decide to devolve further powers and budgets to NTCA as part of regional recovery plans.

For more information about the Overview and Scrutiny Committee and its meetings please visit the dedicated page on the Combined Authority website: <https://www.northoftyne-ca.gov.uk/who-we-are/committees/>

Finally, I would like to thank you for taking the time to read this foreword and hope that you find this Annual Scrutiny Report interesting and informative as to the work of the North of Tyne Combined Authority Overview and Scrutiny Committee during the 2020/21 Municipal Year.

Councillor Gregah A. Roughead



Overview and Scrutiny Committee Members 2020/21



Cllr Susan Dungworth
Northumberland County
Council



Cllr Peter Earley
North Tyneside Council



Cllr Stephen Fairlie
Newcastle City Council



Cllr Sandra Graham
North Tyneside Council



Cllr Margaret Hall
North Tyneside Council



Cllr Anita Lower
Newcastle City Council



Cllr Gregah Roughead
(Chair)
Northumberland County
Council



Cllr Gordon Stewart
Northumberland County
Council



Cllr Linda Wright
(Vice Chair)
Newcastle City Council

The Scrutiny Year

Scrutiny at a combined authority level will necessarily look and feel different to local authority scrutiny due to the strategic nature of the Mayor's role and the unique Mayor/Combined Authority relationship.

Due to the coronavirus pandemic 2020 will not be a year that will be easily forgotten. The formal work programme of the committee had been finalised at its last meeting of the 2021/22 municipal year on 10 March and so there was time to take stock and learn new skills before holding an online workshop in June to discuss the work programme for the committee for the year ahead in such unprecedented circumstances.

In June, the committee held its first online meeting, which was also streamed live on YouTube. At the meeting the committee agreed a work programme mindful that it would need to be flexible to respond to the demands of the coronavirus pandemic and the Authority's response to events and plans for recovery and with the intention of convening a working group or a scrutiny in a day session at some point in the municipal year.

Since the June 2020 meeting, the work programme has been met with additional items presented to the committee on the North of Tyne Combined Authority's (NTCA) Citizens Assembly, Brexit and the proposed NTCA Poverty Truth Commission.

Members of the Committee have been kept informed of progress of the work of the NTCA, other meetings in the region and matters of interest by monthly Scrutiny Briefings. As the Committee has five meetings a year this is particularly useful in keeping members informed between formal meetings.

Members of the public, Councillors or officers can make suggestions for issues to be considered by the Overview and Scrutiny Committee in the future by emailing the team at scrutiny@northoftyne-ca.gov.uk

Details of all matters considered by the Overview and Scrutiny Committee can be viewed on the NTCA website at <https://www.northoftyne-ca.gov.uk/who-we-are/committees/>

Holding Decision Makers to Account

The Elected Mayor, Jamie Driscoll, has attended the Overview and Scrutiny Committee to present his plans and the progress of the NTCA. There are also regular meetings between the Mayor and the Chair and Vice Chair of the Overview and Scrutiny Committee.

At each meeting of the committee this year a Cabinet member has attended to provide an update on their portfolio area of work and how coronavirus has impacted/been addressed. The Director for Economic Growth, Dr. Henry Kippin, has also been present at every meeting to ensure the Members were informed on developments relating to the impact of the pandemic on the region and the NTCA's plans and projects and the wider region's recovery plans.

In April 2020 the NTCA became the Accountable Body for the North East Local Enterprise Partnership (North East LEP). A report is submitted quarterly to update the committee on its work which includes information on funding allocations, progress to date, with a focus on decisions and their implementation and future plans. The Committee also scrutinised the North East LEP's budget proposals as part of its work on the budget setting process. The Chair, Lucy Winskell O.B.E, and the Chief Executive, Helen Golightly, attended the meeting in February to present the latest update and answer any questions the committee had.

Quarterly budget monitoring has been a regular feature of the committee's work as the organisation has developed and grown since its establishment in 2018; these reports will in future provide more information on the work behind the figures so the committee can see what the NTCA is achieving in the real world.

In addition, each report to the committee now includes a paragraph which demonstrates how the project/policy/decision relates to or impacts on NTCA's inclusive economy ambitions; equalities; climate change; and consultation and engagement.

Pre-scrutiny work

NTCA Approach to Communications

In October 2020 the committee invited the Head of Communications, Engagement and Organisational Development to present an overview of how NTCA communications and engagement activity is planned to develop and to seek the committee's views and observations. The committee welcomed the approach and made suggestions relating to how the NTCA could ensure its involvement with projects and events was visible and promoted and the importance of being seen and thought of as making a difference as well as actually making a difference.

NTCA Poverty Truth Commission

At its March meeting the committee received a presentation from the Director of Policy and Performance, Ruth Redfern, on the work to develop a Poverty Truth Commission (PTCs) for the North of Tyne. PTCs are models of direct engagement where community, civic and business representatives are brought together with people with lived experience of poverty. Commissions work to understand the specific features of poverty in their areas and work collaboratively to come up with practical solutions – delivering policy change in partnership. PTCs aim to help to facilitate a wider range of voices to join decision-making, intending to produce better informed decisions as a result.

Members emphasised the importance of ensuring respect was central to the brief and strategies for enabling people to take part; the importance of being aware of 'new' poverty caused by the impact of the coronavirus pandemic and that many people may try to hide their situation. It was acknowledged that the co-production working group (see below) may have some input into the establishment of the commission.

The committee was to be kept informed of the work and progress of the commission; it was accepted that it would not be a quick piece of work.

Co-Production Working Group

At the beginning of the year the committee agreed to undertake some scrutiny work outside of the confines of a formal committee meeting, either through a Scrutiny in a Day session or by establishing a working group. In February 2021 the committee agreed to establish its first working group on co-production to examine the different approaches and models and consider how co-production could be applied to the work of the NTCA. The working group has five members and will undertake its work during Spring 2021 with a report of its findings and recommendations presented to the full committee at its first meeting of the new municipal year.

The NTCA Budget 2020-2021

In accordance with the Budget and Policy Framework Rules of Procedure (Part 3.2 of the Constitution) Cabinet must present to the Overview and Scrutiny Committee the budget setting process, the initial proposals and have regard to any recommendations and/or observations from the Overview and Scrutiny Committee when finalising the Authority's budget.

At its 13 October 2020 meeting the Overview and Scrutiny Committee received a report on the 2021-2025 Financial Planning and Budget Process which provided information in relation to the proposed 2021-25 Financial Planning and Budget process, including the development of a Medium-Term Financial Strategy (MTFS), the development of the detailed budgets for 2021-22 and the timetable for key decision milestones and dates for the setting of the budget.

Cabinet met on 24 November 2020 to consider the initial draft budget for NTCA for 2021/22 and the medium-term financial plan for the period 2022/23 to 2024/25. On 18 December 2020 the Overview and Scrutiny Committee met to receive the draft budget proposals and accompanying information which included a draft budget in respect of the Corporate Budget, Investment Fund, Adult Education Budget and the Brownfield Housing Fund. As NTCA are the accountable body for the North East LEP the report also included those proposals.

As part of its scrutiny of the proposals the committee held a workshop in January 2021, attended by the Chief Finance Officer who presented information on what had changed since the draft proposals were received, discuss the proposals and to answer questions.

Topics raised included the Adult Education Budget (AEB) and the monitoring of the impact of COVID-19 on the delivery of the programme; the details of what lay behind the figures committed in the last 12 months and what projects had been earmarked; how the NTCA anticipated ensuring the team had capacity to successfully deliver its projects whilst remaining a lean organisation; and the different requirements of capital grants, which the authority will begin to receive. The committee sought clarification on the assumptions made with regards to growth for the next four years and the engagement process with the business and voluntary and community sectors and the public in general.

The committee welcomed the beginnings of a process for engaging with the public on the budget proposals and supported the inclusion of similar exercises in future budget setting processes. Overall the committee was satisfied with the proposals and made no recommendations on the individual elements.

Relationship Building

By the end of the municipal year, the Chair and Vice Chair will have met informally with the Mayor on nine occasions to discuss the Forward Plan and the work of the NTCA. This regular discussion helps to keep the committee informed of progress being made on projects between formal meetings and creates a good working relationship between scrutiny and the executive.

The committee members have also attended a joint briefing with the Overview and Scrutiny Committee of the North East Combined Authority (NECA) on the region's response to the coronavirus pandemic. Whilst work to develop a closer working relationship with the NECA Overview and Scrutiny Committee and the North East Joint Transport Overview and Scrutiny Committee has stalled due to the limitations and change of focus required by the coronavirus pandemic, the development of this relationship is still very important.

As the Accountable Body for the North East LEP, the Chair, Lucy Winskell O.B.E, and the Chief Executive, Helen Golightly, have both stated a willingness to share information and present to the committee when required and did attend the February meeting of the committee. Also, the Chair of the Overview and Scrutiny Committee has been invited to attend as an observer to meetings of their Leadership Board.

The establishment of the first scrutiny working group will provide a good opportunity for the committee to extend its contacts and relationships across the region, both in the constituent authorities and with partners and other voluntary and community organisations. This work may also lead to suggestions for topics for scrutiny coming from the community which would be welcomed.

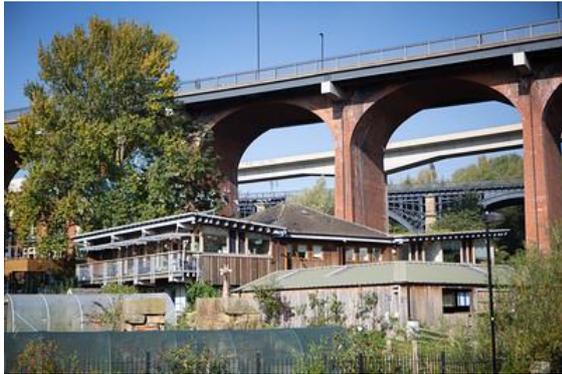
Looking Forward

Whilst it is acknowledged that the transport functions for the area are managed by the North East Joint Transport Committee, the committee is conscious that transport matters are fundamental to the successful implementation and take up of a lot of the NTCA's projects relating to training, education and work opportunities. The development of closer working relationships by individual committee members with those who are members of the appropriate committees for their respective constituent authority and the committee as a whole is a priority for the year ahead.

As the NTCA is beginning to move into delivery after the initial establishment and planning phase it is expected that the work of the committee next year will move to examining how the NTCA has operated and if it is meeting the targets it has set itself. As work on the delivery of the Devolution Deal progresses, the role of the Overview and Scrutiny Committee will become more focussed as the committee agrees its priorities and which areas of work it can clearly demonstrate it adds value to.

Once the committee membership is appointed for 2021-22 a workshop will be held to discuss the work programme and ways of working for the year ahead and begin to set its priorities.

Useful Websites



[North of Tyne Combined Authority](#)

[Centre for Governance and Public Scrutiny](#)

[Local Government Association](#)

[North East Combined Authority](#)

[The North East Local Enterprise Partnership](#)

Contact Officers

Lynn Camsell, Democratic Services Officer
Email: lynn.camsell@nortoftyne-ca.gov.uk

Elizabeth Kerr, Principal Governance and Scrutiny Manager
Email: elizabeth.kerr@northoftyne-ca.gov.uk



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Subject: Urgent decisions taken in 2020/21

Report of: Interim Monitoring Officer

Portfolio: All

Report Summary

This report sets out the use of urgent decision powers in the previous year.

Recommendations

Cabinet is recommended to note the report.

1. Background Information, Proposals and Timetable for Implementation

1.1 NTCA's Cabinet Rules of Procedure ("Standing Orders") provide, where a decision needs to be taken urgently and it is not practical to convene a quorate meeting of the Cabinet, then the Head of Paid Service is authorised to take that decision. Standing Orders also provide that the use of such urgent action powers shall be the subject of an annual report to Cabinet.

1.2 In 2020/21 these urgent action powers were used by the Head of Paid Services to make the decisions which had been scheduled to be made by Cabinet at its meeting on Tuesday 24 March 2020. That meeting was cancelled as a result of the national lockdown announced on 23 March 2020 and, at that point, the legislation which allowed meetings to be held virtually had not been enacted. The decisions were made over the period 30 March to 1 April by the Head of Paid Service, following consultation with the Mayor, the Chief Finance Officer and Monitoring Officer, and related to:

- Investment Fund Update and Funding Approvals relating to the investment fund and energy, green growth and climate change;
- the response to COVID-19; and
- the Voluntary, Community and Social Enterprise (VCSE) Accord.

2. Potential Impact on Objectives

The report is for information. The impact of each decision was addressed in the relevant delegated decision reports.

3. Key Risks

None.

4. Financial and Other Resources Implications

None.

5. Legal Implications

None.

6. Equalities Implications

There are no direct equalities implications arising from this report.

7. Inclusive Economy Implications

There are no direct inclusive economy implications arising from this report.

8. Climate Change Implications

There are no direct climate change implications arising from this report.

9. Consultation and Engagement

The urgent decisions were subject to consultation as set out in paragraph 1.2 above.

10. Appendices

None

11. Background Papers

NTCA Constitution

Agenda for the meeting of [Cabinet on 24 March 2020](#)

Investment Fund Update and Funding Approvals relating to the investment fund [delegated decision](#)

Investment Fund Update and Funding Approvals relating to energy, green growth and climate change [delegated decision](#)

Response to COVID-19 [delegated decision](#)

Voluntary, Community and Social Enterprise (VCSE) Accord [delegated decision](#)

12. Contact Officer

John Softly, Interim Monitoring Officer

john.softly@northoftyne-ca.gov.uk



Subject: Designation of Head of Paid Service
Report of: Head of Paid Service
Portfolio: All

Report Summary

The purpose of this report is to ask Cabinet to designate the Director of Economic Growth as Head of Paid Service for the Combined Authority with immediate effect.

Recommendations

The Cabinet is recommended to designate the Director of Economic Growth as Head of Paid Service for the Combined Authority with immediate effect.

1. Background Information, Proposals and Timetable for Implementation

- 1.1 On its creation the North of Tyne Combined Authority, like all local authorities, was required to designate a Head of Paid Service. Since then the post has been held by serving Chief Executives of the constituent authorities.
- 1.2 Having recruited a permanent staffing structure and completed two years of operation it is recommended the Authority moves to appoint a permanent member of staff as the Head of Paid Service. In designing the original structure the senior officer team and the Mayor and Cabinet considered that as the organisation settled into day to day operations, the post of Director of Economic Growth could be designated Head of Paid Service.

2. Potential Impact on Objectives

- 2.1 Both permanently appointed Directors have worked hard to establish the Combined Authority as a suitably skilled and resourced organisation delivering the policy objectives of the Mayor and Cabinet. They have also done this during a significant period of challenge having moved into post in January 2020 only a few weeks before the COVID19 pandemic. This decision is designed to vest the Head of Paid Service responsibilities in the permanent staff team.

3. Key Risks

- 3.1 There are no key risks identified with this decision. However, Cabinet has already worked with the Officer team to ensure the capacity of the Combined Authority balances value for money and the capability to deliver. This will continue to be reviewed.

4. Financial and Other Resources Implications

- 4.1 There are no financial implications because of this decision.

5. Legal Implications

- 5.1 The Constitution of the Authority makes the designation of Head of Paid Service a decision for Cabinet. The proposals in this report meet the requirements of the relevant legislation.

6. Equalities Implications

6.1 There are no equalities implications.

7. Inclusive Economy Implications

7.1 There are no Inclusive Economy implications.

8. Climate Change Implications

8.1 There are no Climate Change implications.

9. Consultation and Engagement

9.1 This decision has been discussed with the Officers directly involved. Discussions have also taken place with the Chief Executives of the constituent authorities and the Mayor and Cabinet.

10. Appendices

None

11. Background Papers

None

12. Contact Officers

Paul Hanson, Head of Paid Service; 0191 643 7001, Paul.hanson@Northoftyne-ca.gov.uk